

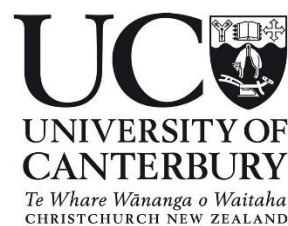
An Institution-based View of Issues Facing New Zealand Firms in South Africa

A thesis submitted in partial fulfilment of the requirements for the Degree
of
Master of Commerce in Management
at the University of Canterbury

By Matthew W. Houston

University of Canterbury

2018



Abstract

Institutions are structures which provide rules and regulations that govern or influence behaviour. Because of this, institutions such as the government or regulators are an extremely important consideration for firms. The institution-based view focuses on this interaction and the resulting strategy decisions made by firms. One of the key considerations firms must be aware of is the differences between institutions in different countries. The aim of this research is to provide a qualitative understanding of the formal institutional differences between South Africa and New Zealand, the impact these differences have on New Zealand firms, how they plan for these differences and what institutional changes they believe will happen in the future. To answer the research objectives, eight qualitative, in-depth interviews were conducted with senior managers of New Zealand firms that have an interaction with South Africa. The results found that differences especially in regulatory institutions have had an impact on New Zealand firms, however, differences in judicial and constitutional institutions have had little impact. New Zealand firms have employed a large range of strategies to plan and respond to these differences. Finally, New Zealand firms are cautiously optimistic about South Africa and its institutions in the future. This research has implications for both academia and industry.

Keywords: Institution-based view, South Africa, New Zealand, formal institutions

Table of Contents

Abstract.....	2
Table of Contents	i
List of Tables	iv
List of Figures.....	iv
Chapter 1 - Introduction	3
1.1 Introduction.....	3
1.2 Research Objectives	5
1.3 Research Methodology	6
1.4 Research Contributions	7
1.4.1 Contributions to academia	7
1.4.2 Contributions to industry	8
1.5 Thesis Outline	8
1.6 Chapter Summary	9
Chapter 2 – Literature Review	10
2.1 Introduction.....	10
2.2 Institutional Scholarship	11
2.2.1 Institutions.....	11
2.2.2 Institution-based view	13
2.2.3 Firm responses to institutions	17
2.2.4 Host country institutions	19
2.2.5 Institutions in emerging countries	22
2.2.6 Institutional distance	25
2.2.7 Measuring formal institutions	28
2.2.8 Institutional change	31
2.3 South African Institutions	34
2.3.1 South Africa & South African institutions.....	34
2.3.2 The South African Constitution and constitutional institutions	39
2.3.3 South African judicial institutions	43
2.3.4 South African regulatory institutions	45
2.3.5 Measuring South African institutions and identifying institutional change.....	51
2.3.6 South Africa & New Zealand.....	56
2.3.7 New Zealand’s Institutions	58
2.4. Chapter Summary	60
Chapter 3 – Methodology	63
3.1 Introduction.....	63

3.2 Philosophical Assumptions	63
3.3 Literature Review.....	66
3.4 Research Objectives	66
3.5 Qualitative Data Collection.....	68
3.5.1 Interviews.....	69
3.5.2 Interview process	70
3.5.3 Selection criteria	71
3.5.4 Limitations	71
3.6 Data Analysis	72
3.6.1 Transcription	72
3.6.2 Content analysis	73
3.6.3 Conventional content analysis	73
3.6.4 Content analysis process	74
3.6.5 Reliability and validity.....	75
3.6.6 Advantages and limitations of content analysis	75
3.6.7 Justification for content analysis.....	76
3.7 Ethical Approval	77
3.8 Confidentiality	77
3.9 Chapter Summary	78
Chapter 4 – Results and Discussion	79
4.1 Introduction.....	79
4.2 Regulatory Institutions.....	79
4.3 Judicial Institutions	88
4.4 Constitutional Institutions	92
4.5 South African Institutions in the Future.....	95
4.6 Chapter Summary	102
Chapter 5 – Conclusion	104
5.1 Conclusion	104
5.2 Contributions.....	105
5.2.1 Contributions to academia	105
5.2.2 Contributions to industry	107
5.3 Limitations	108
5.4 Future Research	109
5.5. Chapter Summary	110
Reference List.....	112
Appendices.....	153
1.1 Ethics Application.....	153

1.2 Information Sheet.....	154
1.3 Interview Schedule.....	156

List of Tables

Table 1. Strategic Responses to Institutional Dilemmas	18
Table 2. Philosophical Assumptions.....	64

List of Figures

Figure 1. Institution-based View.....	14
Figure 2. Strategy Tripod.....	15
Figure 3. Institutional Distance.....	26

Chapter 1 - Introduction

1.1 Introduction

New Zealand's economy is profoundly reliant on international trade. An example, exports alone make up approximately 30 percent of gross domestic product in New Zealand (New Zealand Trade & Enterprise, 2017). Furthermore, in a world that is becoming increasingly globalised, firms from New Zealand must begin to look globally if they are to be successful. Traditional markets for New Zealand firms include large nearby Pacific Rim nations such as China, Australia, Japan and the United States. In part this is due to their proximity and or historic ties, however, some New Zealand firms have begun targeting developing East Asian countries, often because of their high growth potential. This thesis encourages New Zealand firms to look outside of these traditional markets and into one that has substantial potential and opportunities.

South Africa is one such country which has a significant amount to offer New Zealand firms. Often labelled as the gateway to the African continent which by 2050 is expected to add over 1.3 billion people to its population, more than doubling the continents current level (United Nations, 2017). Furthermore, Africa has a large middle-class of 350 million that is growing 20 percent faster than the rest of the population (Tschirley, Reardon, Dolislager & Snyder, 2015). However, what really sets South Africa apart is its uniquely favourable characteristics for doing business such as established infrastructure and a developed economy (Boulle & Chella, 2014).

However, doing business in foreign countries can be challenging and firms need to take into account various factors before interacting with a new market. These include institutional factors. Institutions are structures providing rules and regulations that govern or influence the behaviour of individuals or firms. These can include formal examples such as a

government or tax department, or more informal institutions such as culture. The institution-based view focuses on the role of institutions and the effect they have on firms and their strategic decisions (Meyer & Peng, 2005). This is an emerging approach that is becoming increasingly established throughout the management and international business literature (Garrido, Gomez, Maicas & Orcos, 2014; Napshin & Marchisio, 2017; Wright, Filatotchev, Hoskisson & Peng, 2005).

While scholars agree with the notion that “institutions matter”, Williamson (2000, p.595) claims that we are still “very ignorant about institutions” and that the challenge remains in understanding how institutions matter (Jackson & Deeg, 2008; Peng & Khoury in Rugman, 2008). There is no doubt the field has benefited from increased attention since the publications of North (1990) and Scott (1995) and the more recent development of Peng’s (2002) institution-based view. However, there still is a long way to go to answer the fundamental question of how institutions matter. This research aims to contribute to this discussion by analysing the institutional differences between South Africa and New Zealand and the impact this has on New Zealand firms doing business there. As will be discussed, a common way for academia and business to analyse this difference is to use quantitative measures, two such examples being the World Governance Indicators and Ease of Doing Business. However, while such measures are useful they are not always accurate and do not paint a complete picture (Ahmadjian, 2016; Ali & Krammer, 2016; Buchanan, Chai and Deakin, 2014; Frericks, Höppner & Och, 2017; Kurtz & Schrank, 2007; Thomas, 2010). By providing a qualitative analysis, this research aims for a more in-depth, complete picture of institutions in a specific context (Buchanan et al., 2014; Marquis & Raynard, 2015). This research will also explore the more practical element of how New Zealand firms have planned or responded to these differences. Finally, as will be shown in the literature review, contemporary commentaries (Gumede, 2015; Mda, 2017; Schirmer, 2017; The Economist,

2012; Torchia, 2016) and various ranking scales and indices (Schwab, 2017; The World Bank, 2017; The World Bank, 2018a; Transparency International, 2017) suggest that South Africa is going through a stage of institutional change. Therefore, the topic of future institutional changes will be discussed and how New Zealand firms are planning to respond.

1.2 Research Objectives

The first research objective is in response to findings in the literature review that stress the differences in formal institutions between countries. The literature identifies that individual countries have their own unique institutional characteristics and levels of development (Kostova, 1999; Kostova & Zaheer, 1999; Marquis & Raynard, 2015; Rottig, 2016). To establish a starting point, specific institutional differences between South Africa and New Zealand must be identified and explored.

- 1. What differences in constitutional, judicial and regulatory institutions are there between South Africa and New Zealand?*

Institutional differences may have various effects on how firms conduct business and the strategic choices they make (Oliver, 1991; Peng, 2000). The second research objective explores the impact institutional differences between host and home countries' institutions have on New Zealand firms that operate in South Africa. It also includes how and what firms plan for regarding these differences.

- 2. How might these differences in these specific institutions impact upon New Zealand firms doing business in South Africa?*

- a. How have these firms planned to or responded to these institutional differences?*

The final research question seeks to understand the impact of institutional change. As identified in the literature, institutions are not static and change can occur at any time (Dacin, Goodstein & Scott, 2002; Oliver, 1992; Peng, 2003). Therefore, it is useful to analyse what they believe the future holds for firms in South Africa. Additionally, the South African context is a particularly interesting institutional context since contemporary commentaries and various institutional measures suggest that South Africa is going through a period of institutional change which may have significant impacts in the future. Understanding how firms plan to deal with these changes may be useful for both academia and industry.

- 3. What changes in these specific institutions do New Zealand firms believe will happen in South Africa in the next ten years?*

- a. How do New Zealand firms plan to respond to these institutional changes?*

1.3 Research Methodology

Due to the philosophical assumptions which underpin this research, the research topic and the data required to answer the objectives; in-depth, semi-structured interviews were selected as the most appropriate method for collecting data. These interviews were conducted with individuals at a senior level of New Zealand firms which have had a consistent interaction with South Africa for a period of twelve months or longer. Several different methods of interaction were selected including firms which export to South Africa and firms which have facilities or offices in South Africa. A total of eight interviews were conducted with various senior level employees of firms which fitted the selection criteria. Following

this, data was transcribed by the researcher and analysed using a conventional content analysis approach as described by Hsieh and Shannon (2005).

1.4 Research Contributions

This research is expected to have both theoretical implications for academia and practical implications for industry. This research will contribute to the literature in the fields of strategic management, institution-based view and institutional change. Furthermore, it is hoped that this research will also have more practical contributions for New Zealand businesses considering interacting with the South African market.

1.4.1 Contributions to academia

This research hopes to have several contributions to academia. Firstly, numerous scholars call for more qualitative, in-depth analyses of institutions which include the context of the analysed country (Hoskisson, Wright, Filatotchev & Peng, 2013; Kostova & Hult, 2016; Marquis & Raynard, 2015; Orihuela, 2017; Urban & Hwindingwi, 2016). As will be described in the literature review, various indices are often used in place of such an analysis, however, these often are subject to criticisms such as lacking detail and neglecting unique country characteristics. This research is also expected to contribute to the concept of institutional change. Over the last twenty years South African institutions have gone through a period of institutional change which has not always been positive. However, the recent election of the new president of South Africa Cyril Ramaphosa has provided hope that this may change. Finally, this research will contribute to the growing, but significantly under-researched continent of Africa.

1.4.2 Contributions to industry

This thesis will have beneficial implications for New Zealand firms considering conducting business in South Africa as well as those already operating in South Africa. The results of this research will describe differences in the selected institutions between South Africa and New Zealand. Additionally, discussions on how New Zealand firms plan and respond to these challenges will be valuable for firms. One of the goals of this thesis is to increase the profile and interest in conducting business in South Africa for New Zealand firms. This research will demonstrate that numerous New Zealand firms operate successfully within South Africa and that the reality of doing business in South Africa is not as challenging as it is sometimes made out to be. The final research objective analyses the future of South Africa and South African institutions. This will be useful for firms considering entering the market.

1.5 Thesis Outline

This section outlines the basic structure of this thesis. This thesis contains five chapters, followed by the Reference List and Appendices. A brief description of each chapter and the aim of each will be provided in this section.

Chapter One – Introduction: This chapter provides a brief summary of this thesis. Included in this chapter is an introduction of the topic, the research objectives of this research, the methodology used, the implications of this research for both academia and industry and the outline of this thesis.

Chapter Two – Literature Review: The literature review provides a comprehensive analysis of the relevant literature. The first section of this literature focuses on concepts and topics

related to institutions and institutional scholarship. The second section analyses institutions in the context of South Africa.

Chapter Three – Methodology: This chapter outlines the selected research methodology used in this thesis. Included in this chapter is a description of the philosophical assumptions which underpin this research as well as a description of the data collection and analysis methods used. This includes justification for using the selected methods and limitations of both. Finally, ethical and confidentiality issues are discussed.

Chapter Four – Results & Discussion: This chapter presents the final findings of this research and discusses the results in the context of the literature review. This chapter is divided into two sections; the first answering the first two research objectives and the second, the final research objective.

Chapter Five – Conclusion: This thesis will close with the conclusion. Included in this section will be the contributions of this research to academia and industry, limitations of the research and suggestions for future research.

1.6 Chapter Summary

This chapter provided an introduction and an overview of the entire thesis. The chapter began with the introduction to the thesis setting the scene and familiarising important contextual information. Following this is a summary of the research objectives derived from the literature. A brief overview of the selected methodology is described, followed by a summary of the proposed theoretical and practical implications. Finally, the structure of this thesis is outlined.

Chapter 2 – Literature Review

2.1 Introduction

The following chapter aims to provide a summary of the relevant literature to this thesis. This literature review is split into two sections; the first analysing relevant institutional literature and the second exploring institutions in the context of South Africa. The first section begins by introducing the concept of institutions and some of the important theoretical contributions made by scholars in the past. Following this is an analysis of the intersection of institutions and strategic management and the underlying theory of this thesis which is the institution-based view. The topics of firm responses to institutions, the impact of host country institutions and the uniqueness of institutions in emerging countries will then be discussed in detail. Following on, the fundamental concept of institutional distance is introduced before an analysis of some of the common measures of institutions used in both research and industry. The first section concludes with an analysis of the literature on institutional change.

The second section begins by providing background information on South Africa and a holistic overview of institutions in the country. This is followed by an in-depth analysis of the three specified South African institutions; constitutional, judicial and regulatory. The commonly used measures of institutions will briefly be considered to provide an alternative understanding of institutions in the South African context. Finally, the relationship between South Africa and New Zealand will be outlined and a brief description of New Zealand institutions will be provided. Concluding this chapter will be a summary of the literature covered.

2.2 Institutional Scholarship

2.2.1 Institutions

This chapter begins with a brief definition and discussion of the basic building blocks of institutional scholarship – the institution. However, identifying a single definition of institutions is challenging as there is much debate and contention (Campbell, 2004), due to the various fields of research these definitions originate from. There are three distinct fields which are described as heavily influencing and contributing to the current state of research: Economics, sociology and political science (Scott, 2014; Thornton, Ocasio & Lounsbury, 2012). Within each field, scholars bring forth their own definitions, thoughts and opinions, all of which are unique and do not always lead to a similar outcome. Similarly, there is little agreement on the history of the field (Washington & Patterson, 2011). Influential names such as Max Weber, Karl Marx and Émile Durkheim from sociology are often labelled as early contributors (Scott, 2014). Within the political science field, the work by Alexis de Tocqueville (Scott, 2014) and comparative institutional analysts John Burgess, Woodrow Wilson and Westel Willoughby (March & Olsen, 1984; Scott, 2014) contribute greatly to the development of studying institutions in the political science field in the 19th and 20th centuries. Peters (2011) went back further suggesting that institutional thinking in political science can be traced back to antiquity, giving examples of John of Salisbury, Thomas Hobbes and John Locke as influential along the way. Finally, scholars (DiMaggio & Powell, 1991; March & Olsen, 1984; Scott, 1995; 2014) identify the works of economists Thorstein Veblen, Wesley Mitchell, and John Commons as being extremely significant at the turn of the 19th century. In fact, Veblen (p.239) in 1919 described institutions as the “settled habits of thought common to the generality of man.” There are clear similarities between this definition and contemporary definitions which are discussed below.

The field as it sits presently, with the loose title of ‘new-institutionalism’ or ‘neo-institutionalism’ was born out of a dramatic increase in literature in the 1970s and 1980s (Chang, 2011; DiMaggio & Powell, 1991; Scott, 1995; Scott, 1998). In fact it was Oliver Williamson’s 1975 work that originally coined the term ‘new institutional economics’. However, the terms ‘new’ or ‘neo institutionalism’ provoke debate as well. While scholars (Greenwood & Hinings, 1996; Scott, 1994) suggested a ‘convergence around multiple themes’, there is some disagreement surrounding this separation of the new and old (Selznick, 1996). Furthermore, there is a debate on what falls into this category and what does not. For example; the acceptance of various informal institutions discussed below. Tolbert and Zucker (1996, p.175) concluded that it is rather ironic that “the institutional approach has yet to become institutionalised.” Williamson (2000, p.610) described the term as a “boiling cauldron of ideas.” Finally, Hall and Taylor (1996) suggested more amicably the need to accept that the term does not represent a unified body of thought. While there may be disagreement throughout the literature, the common starting point of all the definitions provided by the various fields is simply that institutions matter (Nee, 2005; Peng, Sun, Pinkham & Chen, 2009). This is described well by Peng (2002, p.251); “since no firm can be immune from institutional frameworks in which it is embedded, there is hardly any dispute that institutions matter.”

One of the most commonly used definition of institutions can be found in North (1990, p.3) which states institutions are “The rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction.” Similarly, Lane and Ersson (2002) agreed defining institutions as the rules guiding or restraining behaviour. North (1990; 1991) went on to describe institutions as being either formal or informal in nature. Examples of formal institutions are the laws and regulations that govern society in contrast to informal institutions such as norms, customs and traditions derived from culture (North,

1990; 1991). Holmes, Miller, Hitt and Salamdor (2013) identified three types of physical formal institutions that are likely to be important to firms; regulatory, political and economic institutions. Informal institutions are often not codified and represent the shared values of society (Holmes et al., 2013; Gandhi & Ruiz-Rufino, 2015). A simple handshake despite not being a physical organisation can be an example of an institution due to the meaning and inferences behind one (Jepperson, 1991; Sahu & Choudhury, 2005).

A second definition is provided by Scott (1995, p.33) who originates from a sociological background: “Institutions consist of cognitive, normative, and regulative structures and activities that provide stability and meaning to social behaviour.” Similar to North’s distinction between formal and informal institutions, Scott’s works provides an important contribution which is well used throughout the literature. This is the categorisation of institutions into the three pillars; cognitive, normative and regulative. The regulative pillar is described by Scott (1995) as bearing close relationship to the work by North as mentioned above. This pillar focuses on the rule-setting, monitoring and sanctioning. The normative pillar includes concepts such as the norms and values, which place constraints on social behaviour. Finally, the cognitive pillar probes into the “rules that constitute the nature of reality and the frames through which meaning is made” (Scott, 1995, p.40). These include symbols, words, signs all of which give meaning to objects.

2.2.2 Institution-based view

As described by Peng (2002), the renaissance of new-institutional thinking has entered the field of strategic management under the label of the ‘institution-based view’. This theory suggests that as institutions exist in every country, firms must interact with institutions at some point in time (Peng, 2002). Furthermore, there are various strategic responses to

institutions which firms can have (Oliver, 1991). The institution-based view focuses on these interactions between firms and institutions, and the resulting strategic decisions made (Gao, Murray, Kotabe, & Lu, 2010). Peng et al. (2009) state that the institution-based view adds to both strategy literature by applying new-institutional theory to it and to new-institutionalism literature by applying it to the field of organisation strategy. Figure 1. set out by Peng (2000) describes the proposition of the institution-based view based on the interactions between firms and institutions and the formal and informal constraints that effect the strategic choices of firms.

Figure 1. Institution-based View

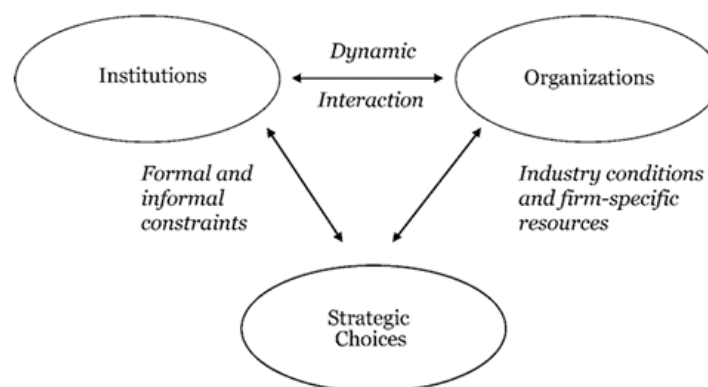


Figure 1. Institution-based View. Retrieved from Business strategies in transition economies, by M. Peng, 2000, p. 45. Thousand Oaks, USA: Sage Publications. Copyright 2000 by Sage Publications.

These interactions may come in many forms and have wide ranging and serious effects on strategy. For example, institutions can influence a firm's entry strategies into new countries (Brouthers, 2002; Meyer, Estrin, Bhaumik & Peng, 2009; Meyer & Nguyen, 2005), executive compensation (van Essen, Heugens, Otten & van Oosterhout, 2012), capital structure (Alves & Francisco, 2015), firm resources (Taussig & Delios, 2014) and entrepreneurship (Raveloharimisy, 2011). A more in-depth example is two different responses to institutional pressures in the People's Republic of China. In contrast to Google which followed a 'voice and exit' strategy, Baidu adopted a more collaborative approach with

institutions (Lu, Hu, Liang, Lin & Peng, 2013). Both the interactions and subsequent response to institutions had major impacts on both these firms; Google left China and Baidu became extremely successful within China.

The institution-based view is born out of the deficiencies of both the resource-based view and industry-based view which fail to take into account institutions (Peng, Wang & Jiang, 2008). While the resource-based view focuses on differences between internal resources as the catalyst for changes in strategy (Barney, 1991; Wernerfelt, 1984), the industry-based view describes external conditions within the industry which drive strategy (Porter, 1980). Nonetheless, while both these approaches have been vital in the development of literature on organisational strategy, they both fail to recognise the role that institutions play (Peng et al., 2008). It is proposed that the institution-based view can be used together with the resource-based view and the industry-based view to form a tripod approach as in Figure 2 (Peng et al., 2008). This is built upon by Oliver (1997) who originally outlined the importance of both the resource-based view and institutional measures to sustainable competitive advantage. The use of this tripod approach is becoming more recognised and has been backed up empirically (Meyer et al., 2009; Gao et al., 2010; Su, Peng & Xie, 2016).

Figure 2. Strategy Tripod

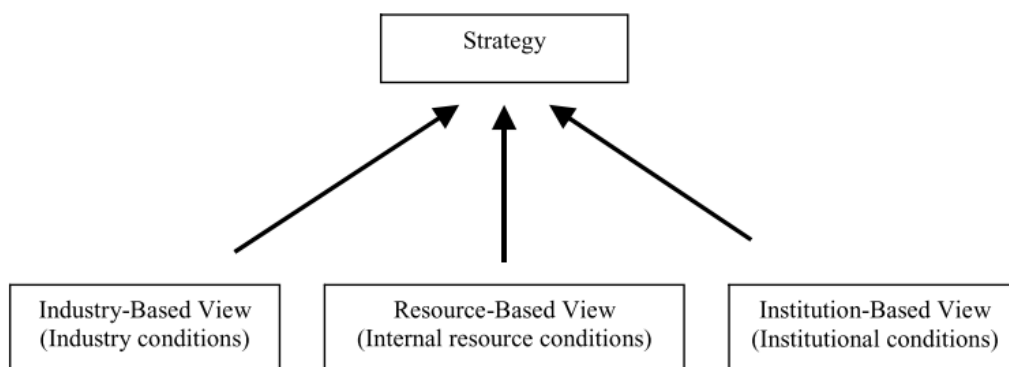


Figure 2. Strategy Tripod. Retrieved from "Institutional change and capability building: some remarks on the institution-based view of strategy," by G Monterio & A. Pianna, 2012, International Journal of Strategic Change Management 4(1), p.54. Copyright 2012 by Inderscience Enterprises Ltd.

Peng et al. (2009) assert that the reason resource-based and industry-based views have been focused on so heavily in the literature is due to institutions being viewed as ‘background’ in countries such as the United States. As a large amount of the literature is derived from the West, coupled with the perception of institutions being relatively stable in the West, this has resulted in institutions often being ignored (Peng, 2002; Peng et al., 2009). In contrast institutions are often weak, unstable or ignored in emerging countries (Bratton, 2007; Luiz & Stewart, 2014). Therefore, much of the literature on the institution-based view instead focuses on emerging countries (Peng et al., 2008; Garrido et al., 2014).

Peng and Khoury (as cited in Rugman, 2009) highlighted the theory’s inspiration as a combination of both the economic version of institutional economics provided by North (1990) and the sociological version of institutional theory provided by DiMaggio and Powell (1983) and Scott (1995). As discussed above, throughout the literature there is often very clear divisions between different authors belonging to different fields which impacts their views. However, it is important to note the intention of the institution-based view to be separate from both these fields of research as they attempt to “avoid an interdisciplinary turf battle” (Monteiro & Pianna, 2012, p. 55; Peng et al, 2009, p.74).

There are however, some criticisms of the institution-based view as well as its integration into a strategy tripod (Monteiro & Pianna, 2012; Han & Yang, 2016). Firstly, the accurate measurement of formal institutions is extremely challenging and disputed for several reasons (Ali & Krammer, 2016; Arndt & Oman, 2006; Glaeser, La Porta, Lopez-De-Silanes & Shleifer, 2004; Kurtz & Schrank, 2007). These include limited consensus of method (Gwenhamo, Fedderke & de Kadt, 2008; Woodruff, 2008), the use of 0 to 10 or binary scales to represent institutions which is narrow and limiting (Commander & Nikoloski, 2010; Merry, 2011) and specific methodology and accuracy criticisms of popular measures such as the Worldwide Governance Indicator (Thomas, 2010), Global Competitiveness Report (Lall,

2001) and Ease of Doing Business (Arruñada, 2007; Davis & Kruse, 2007). As discussed above, an institution-based view is proposed as one leg of a strategy tripod alongside resource and industry based views. However, Su et al. (2016) highlighted empirically the need for greater interaction between the three stands, suggesting that most research focuses on three individual theories rather than a single integrated theory. Finally, as highlighted by scholars, strategic management has become an increasingly complex subject with numerous considerations (Prasad, 2015; Singh, 2008). Therefore, there are reasonable concerns that the tripod approach which considers three profoundly different focuses will be inherently conflicted and may not spend sufficient time or depth exploring each individual theory.

2.2.3 Firm responses to institutions

So far this literature review has defined institutions and introduced the institution-based view which focuses on the interaction between institutions and firms. The following paragraphs identify the interactions that firms have with institutions and their subsequent responses. Firstly, two of the key authors which prompted the increase in institutional scholarship in the 1970s were John Meyer and Brian Rowan (Tolbert & Zucker, 1996). As set out in Meyer and Rowan (1977); firms are reflections of the surrounding institutional environment. For Meyer and Rowan (1977), institutions exist as a series of rationalised myths in which firms can internalise in an attempt to show legitimacy and social fitness. Firms that integrate these institutionalised myths are more successful and more likely to survive (Meyer & Rowan, 1977). As firms want to be successful and survive they will follow this process which results in firms become more similar. Building on this, DiMaggio and Powell (1983) established that there are three isomorphic processes which result in similarities. Firstly, coercive isomorphism is a result of organisations such as the government placing formal or informal pressure on them. Mimetic isomorphism, which suggests that often in response to

uncertainty such as the advancement of technology, firms will imitate other firms that are successful. Finally, normative isomorphism is pressure from professional organisations or bodies. The result is the apparent homogenization or growing similarity of firms as they all reflect the same institutions (Beckert, 2010; Kondra & Hinings, 1998; DiMaggio & Powell, 1983).

While scholars building on the work of Meyer and Rowan (1977), such as Ingram and Silverman (2000, p.1) suggest conformity to institutions e.g. “actors pursue their interests within institutional constraints.” Often firms are faced with conflicting institutional demands or institutional demands which may conflict with the firms’ goals (Meyer & Rowan, 1977; Oliver, 1991; Pache & Santos, 2010). Oliver (1991) provides a list of five strategic responses to these dilemmas with each strategy having several tactics as described in Table 1.

Table 1. Strategic Responses to Institutional Dilemmas

Strategies	Tactics	Examples
Acquiesce	Habit	Following invisible, taken-for-granted norms.
	Imitate	Mimicking institutional models
	Comply	Obedying rules and accepting norms
Compromise	Balance	Balancing the expectations of multiple constituents
	Pacify	Placating and accommodating institutional elements
	Bargain	Negotiating with institutional stakeholders
Avoid	Conceal	Disguising nonconformity
	Buffer	Loosening institutional attachments
	Escape	Changing goals, activities, or domains
Defy	Dismiss	Ignoring explicit norms and values
	Challenge	Contesting rules and requirements
	Attack	Assaulting the sources of institutional pressure
Manipulate	Co-opt	Importing influential constituents
	Influence	Shaping values and criteria
	Control	Dominating institutional constituents and processes

Table 1. Retrieved from “Strategic responses to institutional pressures.” By C. Oliver, 1991, The Academy of Management Review, 16(1), p.152. Copyright 1991 by The Academy of Management Review

Oliver (1991) suggested firms do not always conform to the rules provided by institutions. She indicated that conformity may threaten the long-term survival of the firms due to the structures of institutions which may impact firms’ capacity to adapt and respond to

future challenges. Oliver (1991) admitted that resistant strategies will not suit all firms. For example especially ones in an environment with strong legal and regulatory apparatus. However, they may be effective when uncertainty and interconnectedness are low. It can be concluded that institutions act as both facilitators and constrainers of behaviour (Hodgson, 2006; Ahuja & Yayavaram, 2011) and that there are numerous responses to institutions.

2.2.4 Host country institutions

There is a comprehensive set of literature analysing various aspects and impacts that host country institutions have on multi-national firms. This is especially relevant to this research as it will be the host country's institutions that will be analysed and discussed. As discussed above, formal institutions set out the rules and regulations which firms must abide by. Multi-national firms must be aware of not only the rules and regulations of their home country but also comply with those of the host country. As every country is different, the impacts of different rules and regulation may be substantial. As well as setting rules and regulations, institutions play an important role in reducing both uncertainty for firms (Peng, 2002) and reducing costs relating to this uncertainty (Cruz, Boehe & Ogasavara, 2015). The effects of host country institutions on entry strategy for multinationals helps to show the impact of institutions on the strategic decisions of the firm.

Firstly, the link between Foreign Direct Investment (FDI) and host country institutions has been generously explored in various contexts (Henisz, 2000; Gastanaga, Nugent & Pashamova, 1998; Globerman & Shapiro, 2002; Lucke & Eichler, 2016; Rathert, 2016; Seyoum, 2009). Bevan, Estrin and Meyer (2004) came to some important conclusions in their research into host country formal institutions and FDI flows in Eastern European economies. They found the level of FDI was positively linked to the quality of formal

institutions (Bevan et al., 2004). However, they noted the possibility of reverse causality in that FDI positively influences the development of institutions. Similar research includes Globerman and Shapiro (2002), who showed that governance infrastructure (political, institutional and legal environments) are important determinants of FDI; Du, Lu and Tao (2008) found that multinationals from the United States (US) favour regions which have superior intellectual property protection laws, lesser levels of government intervention and corruption as well as better contract enforcement institutions; finally, Staats and Biglaiser (2012) demonstrated judicial strength is linked to FDI in Latin America. Within the African context; Asiedu (2006) found that efficient legal systems promote FDI in Sub-Saharan Africa. Furthermore, Ajide and Raheem (2016) discovered that countries in the Economic Community of West African States region with better institutions comparatively attracted more FDI than those with weaker institutions.

The use of joint ventures or a local partner for international firms is a vital way for firms to acquire local knowledge or at least protect against uncertainties (Inkpen & Beamish, 1997). This is empirically shown by Georgieva, Jandik and Lee (2012) who found that firms from the United States are more likely to form joint ventures in countries with weaker legal and regulatory environments. Similarly, Meyer et al. (2009) concluded that the stronger the institutional environment the more likely acquisition or greenfield entry is rather than joint ventures. Partner selection is an important part of successful joint ventures and Roy and Oliver (2009) suggest the importance of the legal environment in the host country in terms of selecting partners. Furthermore, they recommended that managers of joint ventures should include individuals who have an accurate perception of the legal environment inside the host country.

The final method of entry used as an example is exporting. Host country institutions also play an important role for exporting firms as the institutions themselves may become

‘barriers to entry’ which may affect a firm’s strategic decisions (Bernard & Jensen, 2004). An obvious example is that institutions can enforce various tariff and non-tariff barriers on exporting firms (Lu & Beamish, 2006). These may have wide ranging effects on the viability of exporting to countries. Gao et al. (2010) claimed that the institutional environment provides strong explanatory power regarding export behaviour. One reason why firms export goods rather than other options is that this involves little or no investment, whereas FDI and other options can be a more significant undertaking (Almodóvar, Saiz-Briones & Silverman, 2014). However, when the transportation costs of the goods exceed FDI, it is advantageous to set up facilities in the host country (Helpman, Melitz & Yeaple, 2004). Tariffs are just one example of ways institutions may increase the costs of exporting thus making the firm consider its strategy. As described by Johanson and Vahlne (1977) exporting is typically the first step in developing international operations, followed by a sales subsidiary and eventually production. However, the inevitability of this process has been questioned more recently. The phenomena of ‘born global’ firms internationalising rapidly and apparently avoiding some growth stages is becoming increasingly common, challenging the traditional Uppsala Model proposed by Johanson and Vahlne (1977). Institutions are especially vital considerations for born global firms due to their initial international outlook (Zucchella & Magnani, 2016). Karra, Phillips and Tracey (2008, p.447) suggested that institutional bridging or the “ability to span the institutional distance between national contexts” is a key capability in the creation of international new ventures.

The literature also suggests that firms which pre-exist in conditions with weak or no institutions can be successful in similar conditions in other countries. This is because they are used to dealing with the situation in their home country (Cuervo-Cazurra & Genc, 2008; Luiz & Ruplal, 2013). This literature was prompted by Cuervo-Cazurra (2006) who found that firms from countries with high levels of corruption are just as likely to invest in countries

with similarly high levels of corruption. Organisations do this because they have experience at dealing with this situation at home. Luiz, Stringfellow and Jefthas (2017, p.98) commentary of beverage company SABMiller's expansion process provides evidence that backs this theory up. They argued that SABMiller sought out "countries that played to its strength, namely the knowledge of doing business in environments of institutional uncertainty." This was demonstrated by SABMiller's targeting of Eastern Europe, Latin America and China.

2.2.5 Institutions in emerging countries

Emerging countries provide huge growth opportunities for firms. However, despite this there are numerous challenges involved in realising this potential (Hitt, Li & Worthington, 2005; Singh, 2012). One of these challenges is interacting with host country institutions, which as discussed above may be significantly different to the institutional conditions experienced in their home country. These differences in institutional conditions are often larger when entering or operating in an emerging country. The importance of understanding institutions for firms in emerging countries is highlighted by Wright et al. (2005) who suggested that it seems impossible to do well in these countries without understanding the effects of institutions.

Between scholars, there is consensus that differences exist between institutions of emerging countries and developed countries (Marquis & Raynard, 2015; Peng et al., 2008; Rottig, 2016). For example, LiPuma, Newbert and Doh (2013) suggest institutions in developed countries are more robust than emerging countries which are often underdeveloped. They provide the following examples: "Credit restrictions, lack of credit and shareholder rights and weak judicial enforcement" that are often present in emerging

countries (LiPuma et al., 2013, p.819). Marquis and Raynard (2015) highlighted some further differences in institutional conditions. They acknowledged the strong influence of government, the frequency of state owned firms, greater informality and a reduced level of government and regulatory infrastructure among other differences. Rottig (2016) provided an in-depth list of certain characteristics that are unique to emerging countries.

The first characteristic is the presence of institutional voids in emerging countries. Institutional voids, a concept put forward by Khanna and Palepu (1997) suggested that often in emerging countries there is the potential for a lack of institutions that support business operation. This definition is extended by Ricart, Enright, Ghemawat, Hart and Khanna (2004) who defined voids as a lack of specialised intermediaries which support business transactions. An in-depth example of an institutional void is described by Mair and Marti (2008) who analysed the work done by the non-governmental firm BRAC in alleviating poverty and empowering the poor in Bangladesh. The research focused on how access and participation in markets in Bangladesh were negatively affected by absent and weak institutions. For example, despite the positive impact microfinance has had in enabling millions of Bangladeshis to access funds and enter the market economy, the 'poorest of the poor' were still not able to access traditional microfinance programs. A further example of a common institutional void is the weaknesses or absences of institutions that monitor contracts or financial banking institutions (Chakrabarty, 2009). While most firms view institutional voids as a negative, they may provide opportunities for entrepreneurial firms to fill these voids (Khanna & Palepu, 2010) or furthermore provide local or foreign firms with competitive advantages if they can fill these voids (Doh, Rodrigues, Saka-Helmhout & Makhija, 2017).

The second difference is the greater role of informal institutions compared to formal institutions in emerging countries. This is often due to the presence of formal institutional

voids. However, rather than the voids being filled by firms looking to exploit them, they are more commonly filled by informal institutions (Estrin & Prevezer, 2011; North, 1990; Peng, 2002). This is shown by Estrin and Prevezer (2011) who argued that both in China and India informal institutions have replaced ineffective formal institutions. Welter and Smallbone (2011) provided an example of personal trust which becomes important when formal institutions fail and as a consequence institutional trust is low. This situation contrasts with developed nations which often rely upon formal institutions rather than informal ones (Rottig, 2016).

The third difference is that often in emerging countries there are greater institutional pressures from local governments. Rottig (2016) suggested that governments in emerging countries have greater control over firms and provides the example of pressures such as social responsibility and playing an active role in local communities. The best example of this is the pressures placed on multinational firms when entering an emerging market to ‘do social good’ and be a good corporate citizen within the country. Quantifying this and perhaps an extreme example, Luo’s (2001) study of multi-nationals in China showed that the relationship firms have with the Government, though not the sole predictor of success, influences financial return, market expansion and efficiency.

The final difference is the common occurrence of institutional change and transition in emerging countries. Institutions in developed markets are often stable with only incremental changes occurring. For example, changes in legislation may take months due to the consultation processes and debates before getting approved. In emerging markets change is often more sudden and unpredictable (Rottig, 2016). The topic of institutional change is discussed further below.

Within the African context, Zoogah, Peng and Woldu (2015) explain that institutions cannot stay in the background of management research as has occurred in the past due to their importance to firms operating in Africa. Furthermore, Urban and Hwindingwi (2016) highlighted the uniqueness in the institutional environment of emerging nations in Africa, including the presence of institutional voids in these countries. This is no different in South Africa, which has varying levels of strengths throughout its institutions. These will be discussed in greater depth below. Kamoche and Harvey (2006) suggested that stability and legitimacy, which are provided by institutions, are particularly important in Africa. Luiz and Stewart (2014) found that multinational firms associate doing business in Africa with both higher levels of risk and increased costs. Urban and Hwindingwi (2016) stated that having both a functioning and regularised judiciary is vital for firms operating in African emerging countries. This is similar to findings by Kilishi, Mobolji, Yaru and Yakubu (2013) who established that in the Sub-Saharan context, the most important institutions are regulatory quality and rule of law.

2.2.6 Institutional distance

The concept of institutional distance complements the theory that host country institutions are vital considerations for firms. It also extends this theory by implying that firms must also understand their home institutions as well. Similar to the construct of cultural distance, which looks at the similarities and differences between two different cultures, institutional distance is the difference in institutions between two countries (Kostova, 1999). The formal definition provided by Kostova (1999, p.316) who introduced the concept is the “difference between the institutional profiles of the two countries – the home country of the practice and the recipient organizational unit,” this is illustrated in Figure 3. Kostova (1999), applies Scott’s (1995) definitions of institutions separating institutions into regulatory,

cognitive and normative ‘pillars’. It is proposed that the concept of institutional distance works in tandem with cultural distance (Xu & Shenkar, 2002) and that it is more appropriate than having a sole focus on cultural distance (Estrin, Ionascu & Meyer, 2007).

Figure 3. Institutional Distance

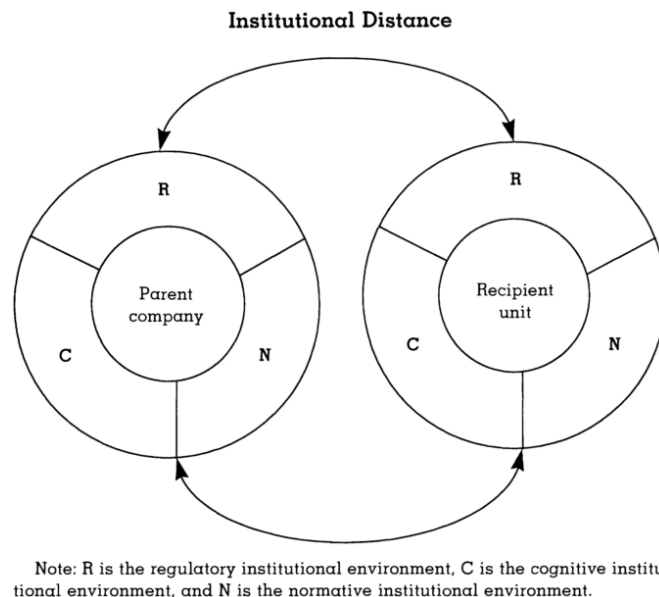


Figure 3. Institutional Distance. Retrieved from “Transitional transfer of strategic organizational practices: A contextual perspective,” by T. Kostova, 1999, *The Academy of Management Review*, 24(2), p.315. Copyright 1999 by The Academy of Management Review.

The differences between two countries’ institutions can have a multitude of effects on a firm other than simply dealing with a new set of institutions. Most arguments of institutional distance suggest that the greater the institutional distance between two countries, the larger the negative impact. For example, Shirodkar and Konara (2017) showed that larger institutional distance has a negative impact on the performance of subsidiaries of multinational firms. Seyoum (2009) suggested that firms from countries with high quality institutions are less likely to invest in countries with weaker institutions. Further examples of the impact of institutional distance include; the choice of location (Du, 2009; Holburn & Zelner, 2010), entry mode (Davis, Desai & Francis, 2000; Estrin et al., 2007; Arslan & Larimo, 2011), and ownership structure (Ando, 2011).

As discussed above there are various institutional differences between emerging and developed countries. Ofori-Dankwa and Julian (2012) stated there are substantial institutional differences between sub-Saharan and developed nations. They illustrate this by comparing the low rankings of Ghana (2.4) and Nigeria (4.1), with the higher rankings of the United States (7.1) and United Kingdom (7.8) in the corruption rankings of the Corruption Index by Transparency International. Furthermore, Ease of Doing Business ranks Ghana and Nigeria 63rd and 133rd respectively compared with the United States (4th) and United Kingdom (7th). This needs to be considered in the research as New Zealand has comparatively strong institutions (Loomis, 2016). Liou and Rao-Nicholson (2017) analysed the institutional distance from a South African perspective focusing on colonial ties. They highlighted the distance between South Africa and other countries and the effect that this has on South African firms in cross-border acquisitions.

While the use of distance adds value as it can be measured relatively objectively (Newman, 2012), there are some criticisms which are important to understand. Harzing and Pudelko (2016, p.9) criticised the concept of both institutional and cultural distance arguing that “cultural and institutional differences matter more than cultural and institutional distance.” They suggested that sometimes the concept of distance has very little explanatory value and that context is a better way of explaining the phenomena. Furthermore, they criticised scholars for using the distance concept as a way of ignoring country-specific contextual factors. Similarly, Chang (2011) concluded by pleading for more attention to be paid to the real world. As will be discussed below similar claims are made regarding empirically measures of institutions which are often used in institutional distance research and literature. Controversially, Thomé, Medeiros and Hearn (2017) empirically showed that institutional distance between countries in fact positively increased return on assets, further

questioning the concept of distance. An example of this is the unique example of SABMiller which targeted countries with weaker institutions discussed above.

2.2.7 Measuring formal institutions

As the focus of this research is on formal institutions, it is important to explore how they are often described and viewed. The measurement of institutions is used in many fields often in a comparative manner, and often represents the effect an institution or set of institutions have on economic performance (Marinescu, 2013). Often the home country is measured and compared to the host country to calculate the distance. However, the measurement of formal institutions is extremely challenging and disputed for several reasons (Kurtz & Schrank, 2007; Ali & Krammer, 2016; Frericks et al., 2017). For example, the method of measuring institutions is not universally agreed upon (Frericks et al. 2017; Gwenhamo et al., 2008; Woodruff, 2007). There are also arguments that the measures of institutions are conceptually flawed and that most current indices measure outcomes rather than the institutions themselves (Glaeser et al., 2004). Others argue that the use of 0 to 10 or binary scales to represent institutions is narrow and limiting (Commander & Nikoloski, 2010; Merry, 2011). Furthermore, in the opinion of Arruñada (2007), the numerical nature of these indices created a pseudo-scientific impression which hides the varied nature and qualitative features of institutions.

Ahmadjian (2016, p.12) stated that research within the field of strategic management often relies on “relatively simple representations of institutional differences and multinational enterprise responses to them.” However, while the challenge of measuring institutions has proven difficult for management scholars (Guerras-Martín, Madhok & Montoro-Sánchez, 2014), it has also been challenging within the field of political science (Peters, 2000). For

example, there is no widely accepted measure of the strength of state institutions despite its importance to the field (Fukuyama, 2017). Within the economic field, Orihuela (2017) identified that the literature often defines institutions in the narrowest terms. This leaved Shirley (2008, p.12) to conclude that “measuring institutions turns out to be far more difficult than it sounds.”

A recent paper by Garrido et al. (2014) identified some of the main measures of institutions used in the strategic management field and critically analysed them. For formal institutions the paper considers the Economic Freedom Index, the Political Constraints Index, the Worldwide Governance Indicators and the Corruption Perceptions Index. The paper also identified numerous informal institution measures particularly those of Hofstede, and the Global Leadership and Organisational Behaviour Effectiveness (GLOBE) study. Running a series of factorial analyses on the four formal institution indicators Garrido et al. (2014) reduced the variables down to a single factor which indicates a similar construct. However, as will be demonstrated below, important criticisms exist with some of these formal measures.

The Worldwide Governance Indicator (WGI) is a project that began in 1996 in an attempt to develop cross-country indicators of governance (Kaufmann, Kraay & Mastruzzi, 2011). The WGI has been used for numerous projects such as research studies through to deciding foreign aid allocation (Thomas, 2010). It uses six indicators: Voice and Accountability, Political Stability and Absence of Violence/Terrorism, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption. The WGI collects data from a wide range of sources, including surveys of organisations, households, non-governmental organisations and commercial business information providers (Kaufmann et al., 2011). The data is then combined into the above six indicators using the statistical tool, Unobserved Components Model (Kaufmann et al., 2011). Using Thomas (2010) as the major source of criticism, the article began by stating that before research and policymakers rely on

these indicators, fundamental questions should be asked about what the indicators measure. In particular, there are concerns surrounding the definitions of the above constructs which are claimed to be poorly defined, the measures used which depend on these poorly defined constructs and the lack of evidence of construct validity (Thomas, 2010). In conclusion Thomas (2010) stated that despite widespread calls for measures which assess the quality of governance, the WGI and other measures are still in their infancy and that the use of them is premature. Thomas (2010, p.51) further made the claim that in research the use of these indicators are “uninterpretable and should not survive peer review” and for policy makers their use as arbitrary. Further criticism of WGI exists in the literature, for example; Fukuyama (2013) and Apaza (2009) though these are often followed by subsequent replies e.g. Kaufmann, Kraay & Mastruzzi (2010).

While Garrido et al. (2014) looked at four different indices, there are numerous other popular indices collected by reputable organisations or bodies that are used in business and research. For example, the Global Competitiveness Report produced by the World Economic Forum is one of the most well-known. However, Lall (2001) outlined analytical, methodological and quantitative weaknesses within this set of measures. Similarly, the Doing Business report by the World Bank analyses business conditions within countries but has also been criticised surrounding its theoretical and methodological approaches (Arruñada, 2007; Davis & Kruse, 2007). For example, Arruñada (2017, p.744) pointed out failures in the real-life application of the results the Doing Business report in the United States (US):

Taking New York City as its reference, Doing Business reports for the US that registering for sales tax can be done on-line and takes only one day. Firms can apply on-line, true, but in New York State they have to apply at least 20 days

before they start operations. Otherwise they face heavy penalties, according to the New York State Department of Taxation and Finance.

As correctly calculated, this would drop the USA from between 3rd - 5th in the rankings down to 57th - 60th position alongside El Salvador, and Sierra Leone (Arruñada, 2007). Finally, there are concerns surrounding the transparency of a number of these indices including Doing Business (Davis & Kruse, 2007) and Freedom House (Voigt, 2013), a popular independent watchdog organisation.

An article by Buchanan et al. (2014, p.2) suggested there is a gap in the literature on institutions that could be catastrophic: “This is the absence of a convincing account linking the theory of institutions to a set of empirical methods for measuring institutions.” As has been shown in the indices discussed above, some have considerable question marks above them. Buchanan et al. (2014) suggested that quantitative methods of measuring institutions are adequate but have their limits. They suggested that to overcome these limitations a mixed methods approach should be used, including qualitative methods such as interviews, direct observations or documentary analysis. As stated by Buchanan et al. (2014) quantitative measures can be useful, so in the following sections South Africa’s rankings in many of these indices will be analysed. However, as stated at the beginning of this thesis, the goal of this research project is qualitative research to attain a more in-depth understanding.

2.2.8 Institutional change

While most definitions of institutions make reference to terms such as ‘patterns’, ‘standardised interaction sequences’ or ‘reproduction’ e.g. (Jepperson, 1991), it is important to understand that despite the idea institutions and their outcomes are stable, they are also subject to change. In fact, for Schirmer (2017, p.4), “Institutional change is always possible

and even likely.” On a large scale, institutional change can occur as a result of major events such as the First and Second World Wars (Heydemann, 2000; Streeck & Thelen, 2005). However, change often occurs incrementally, with small adjustments over a lengthier period (Campbell, 2004; North, 1991; Mahoney & Thelen, 2010). Rolland (2004) identified that institutions such as culture and social norms are often slow moving, whereas political and legal institutions have the potential to change overnight. However, he highlighted that despite the ability for change to occur at a fast pace, societies’ acceptance of these changes may take longer. Institutional change also occurs at various speeds in different countries. For example, the speed of Russia and Poland when they abandoned central planning, in contrast to China and Vietnam who have attempted to gradually outgrow it (Peng, 2003). The rapid pace of change in the environment outside of institutions e.g. technology, increased economic growth etc., means institutions also must change as well to keep up with these changes (Peng, Ahlstrom, Carraher & Shi, 2017).

Tying this together with firms’ strategy, Hoskisson, Eden, Lau and Wright (2000) state that research has shown both the speed and nature of institutional change impacts firms’ strategies. For example, frequent institutional change can lead to confusion and setbacks for firms (Johanson & Kao, 2015). Though institutional changes in regulation can open markets previously closed to firms, they can conversely close markets that were once open. This is an important consideration for firms entering a new market or already operating in a market. Hadjikhani (1997) provided a comprehensive example of rapid institutional change which had various impacts for firms operating within a country. The research followed a collection of international firms entering Iran before the 1979 Iranian Revolution and their subsequent actions following this. Some firms like Volvo and Electrolux stayed in the market while some left but quickly re-entered (Saab and Alfa) or did not return at all (Studsvik). Hadjikhani (1997) explored the of reasons for this. For Volvo, previous experiences in similar situations

and, substantial investments in Iran meant deciding to stay, despite the greater risk. In contrast, Alfa with a close interaction with its licensing partners had to deal with political accusations that eventually forced them to leave; although would re-enter at later date. Finally, Studsvik left the market due to its relatively small size and lack of experience in functioning in a country with such turbulent conditions.

The concept of institutional change is relevant to the literature on emerging countries in several ways. Firstly, Ahlstrom and Bruton (2006) identified that central to the development and maturing of emerging countries is the fundamental and comprehensive institutional change that must occur as the country develops. Examples include the emergence of the Four Asian Tiger economies of Hong Kong, Singapore, South Korea and Taiwan. Secondly, as discussed above, Rottig (2016) states that one of the differences between emerging and developed countries is the increased occurrence of institutional change. This can be due to the development of the country as suggested above or other various reasons. Therefore, it is important for managers of international firms to consider when entering emerging countries that institutional change is likely.

While most institutional change literature is focused on the enhancement and improvement of institutions, in emerging countries in Asia or Latin America, there is considerably less literature on the deterioration of institutions (Dacin et al., 2002; Scott, 2014). Deinstitutionalisation can be used to conceptualise “the processes by which institutions weaken and disappear” (Scott, 2014, p.166). Oliver (1992, p.564) introduced the concept of deinstitutionalisation, which is defined as “the process by which the legitimacy of an established or institutionalized organisational practice erodes or discontinues.” Mol (2009) provided an example of how Russian environmental institutions have gone through a period of deinstitutionalisation. During this period environmental protection has been “systematically dismantled and undermined, without significant new environmental

institutions being developed” (Mol, 2009, p.237). In an example of country wide deinstitutionalisation, Hartwell (2013) concluded that despite a period of institutional strengthening prior to the Global Financial Crisis the countries of the Commonwealth of Independent States have since experienced a period of institutional regression. Consequently, this has had a noticeable impact on some metrics used to judge economic success.

However, while deinstitutionalisation has negative connotations, especially as firms often look for institutional stability; deinstitutionalisation can in fact provide opportunities. For example, Hunt and Ortiz-Hunt (2016) analysed the process of deinstitutionalisation in the context of women entrepreneurs in the Middle East and North Africa and how this is benefiting them. Furthermore, research by Ge, Stanley, Eddleston & Kellermanns (2017) suggested that for entrepreneurial reinvestment in a country, institutional deterioration is not entirely seen as a bad thing and that in some cases they may be willing to reinvest in the country. However, this research was limited to a single country example.

2.3 South African Institutions

2.3.1 South Africa & South African institutions

The Republic of South Africa is located geographically on the southern tip of the African continent; bordering the countries of Namibia, Botswana, Zimbabwe, Mozambique and Swaziland to the north and surrounding Lesotho. The history of South Africa is extremely rich and diverse and it can trace its roots back to the presence of humans 100,000 years ago (Beck, 2000). Bartolomeu Dias, a Portuguese explorer was the first European to reach South Africa in 1488 (Beck, 2000; Davenport & Saunders, 2000). This would lead to a period of increased interaction between local tribes and various European nations and the eventual establishment of the first colony by the Dutch in 1652 (Ross, 2009). The period

following the establishment of this colony would be filled with conflict between European colonisers themselves, various indigenous populations and independent populations with European decent. The forerunner to the present-day nation of South Africa was formed in 1909 with the Union of South Africa bringing together the four separate British colonies of Cape Colony, Colony of Natal, Transvaal Colony and Orange River Colony. With the election of the National Party in 1948, South Africa saw the introduction of racial discriminatory policies and white political domination which would continue till 1994 (Beck, 2000). During this period South Africa also voted to separate from Great Britain, founding the Republic of South Africa in 1961. The Apartheid system came to an end in 1994 and with the full enfranchisement of black South Africans. Today South Africa has a population of about fifty-six million people and is the 24th most populous in the world. It has a wide range of cultures, backgrounds, languages and religions that all contribute to an extremely diverse nation.

South Africa proves an intriguing country, from its deeply divided history (Sisk, 2017), to its emergence as an upper middle-income country (Butler, 2017; Kumar, Stauvermann, Loganathan, & Kumar, 2015; Resnick, 2015) and its importance to the African continent's economic stability (Bremmer & Spio-Grabhra, 2007). Despite the past economic and political successes of South Africa, the country continues to suffer from high levels of poverty, racism, unemployment and inequality (Butler, 2017; Ngwu, Osuji & Stephen, 2016). Attempting to confront these issues and move South Africa forward are its comparatively strong institutions (Mangcu, 2012): In particular, its constitutional and legislative institutions. Historically, African nations have demonstrated weak political and regulatory institutions which are in part to blame for the level of unsuccessful development (Alence, 2004; Bräutigam & Knack, 2004; Ishiyama & Laoye, 2016). Reflecting on African nations and the tendency for rulers to control and manipulate institutions, former United States President

Barrack Obama, gave an address to the Ghanaian Parliament where he was quoted saying “Africa doesn’t need strongmen, it needs strong institutions” (BBC, 2009). The relative strength of South African institutions in comparison to other African nations provides not only a template and inspiration for other African nations, but also other benefits for firms such as market entry security.

While it is important to acknowledge the comparative strength of South Africa’s institutions with the rest of Africa, it does not mean South Africa has what could be considered strong institutions by developed nation’s standards. For example, Drimie and Ruysenaar (2010) highlighted the institutional challenges and failures of the Integrated Food Security Strategy set up in 2002 tasked with providing food security and reducing the 14.3 million people susceptible to hunger and forty three percent of households susceptible to food poverty. Naidoo (2017) provided another example when analysing corruption in South African public services. Despite reforms directly targeting corruption, financial misconduct such as fraud, mismanagement and theft are still occurring. Finally, Gumede (2015) suggested that the Marikana Massacre in 2012 was an illustration of the weakening of institutions such as democratic institutions and political parties.

It is also important to highlight the role traditional forms of institutions play in South Africa as they provide an added complication and one that cannot be ignored. Officially, traditional leaders and institutions are recognised by the South African Constitution as well as various policies and legislation such as the Traditional Leadership and Governance Framework Amendment Act 2003 (TLGFA) (Koenane, 2018; Muriaas, 2009). These traditional institutions are based on a hereditary chieftaincy system and are more powerful in South Africa when compared to other African nations (Mengisteab & Hagg, 2017). According to Ntsebeza (2005) there are over two thousand traditional leaders in South Africa, though this number is contested and statistics from the Corporate Governance Traditional

Affairs state just under 1000 with a further 7000 headmen or headwomen (Madiga, 2016). It is also estimated that approximately 28 percent of the South African population is rural based and largely governed by these traditional institutions (Mengisteab & Hagg, 2017). Despite the presence of traditional institutions in present day South Africa leading to much debate and controversy (Ainslie & Kepe, 2016; Koenane, 2018; Williams, 2009), they are often seen as being valuable and having the opportunity to positively contribute to the advancement of South Africa (Beall, Mkhize & Vawda, 2005; Koenane, 2018)

As discussed above, informal institutions can often take the place of formal institutions if they are weak or do not exist (North, 1990; Peng, 2002). Within South Africa, the continuation of these traditional institutions often fills the void left by weak institutions provided by the government (Ainslie & Kepe, 2016; Williams, 2009). Findlay and Twine (2018) conduct a series of interview and focus groups in the rural area of Bushbuckridge in South Africa with the aim of understanding the roles of traditional and democratically elected leaders in the context of the collection and regulation of firewood harvesting. The results of this research showed that in these areas the Chief is regarded as the final authority in matters of firewood harvesting rather than local democratic institutions. It also showed the ambiguity surrounding the importance and role of provincial and municipal government within this context.

While some view the incorporation of traditional leaders and institutions into the current political system in South Africa as constructive and positive, others are more critical. Jara (2013, p.76) stated that the legislation such as the Traditional Leadership and Governance Framework Amendment Act 2003, “tilt the balance of power away from constitutionally enshrined democratic citizenship in favour of paternalistic chiefly control.” Ntsebeza (2005) described the conflict between the Constitutions and its democratic principles and the role of traditional leaders as being inconsistent and contradictory. Koelble

and Li Puma (2011) further expanded on the contradictions posed by these institutions. They suggested the hard-line fiscal policy taken by the African National Congress (ANC) conflicts with its continued financial support provided to royal houses, chiefs and headmen. However, Mengisteab and Hagg (2017) suggested a more balanced view in which these traditional institutions can be understood as a crucial resource that has the ability to promote democratic governance and to provide rural communities with public services.

Finally, another set of important institutions in the South African context are the various religious institutions that exist. Christianity is the most common religion in South Africa, although much diversity exists including significant populations of Muslims, Buddhists and numerous indigenous African religions (Tayob, Weisse & Chidester, 2004). Figures from the General Household Survey in 2013 show that 84 percent of South Africans identify themselves as Christian, of which 56 percent usually attend church at least once a week (Schoeman, 2017). Kuperus (2011) revealed that religious institutions have played a critical part in the changes that South Africa has experienced. In South Africa's past, religion has been used alongside economic, social and political projects for the betterment of some and the exclusion of others (Chidester, 1992). Bilchitz and De Freitas (2012) provided examples of how the state aligned with certain strands of Christianity and the implications this had on education, modes of entertainment etc. Coertzen (2014) claimed that for many centuries in South Africa, Christianity was in a privileged position. Perhaps most significantly, various religious institutions provided support and legitimacy for the apartheid system, however, this contrasts with others which disagreed with the system (Bilchitz & De Freitas, 2012). Religious institutions were also on the other side of apartheid with numerous institutions involved in the process of liberation and today, prominent religious figures provide commentary on the challenges that South Africa faces today (Scheidegger, 2015). An

example of this is the Archbishop Emeritus of Cape Town Desmond Tutu and the role he played before, during and after the fall of the apartheid (Spellman, 2008).

Swart, Rocher, Green and Erasmus (2010) suggested that the inability of the government to meet social and infrastructural needs means that religious organisations have the opportunity, and in some elements of society the expectation, to attempt to fill the void. Today the relationship between the state and religious institutions in South Africa is described as healthy and mutually constructive and religious freedoms are respected (Malherbe, 2011). The backdrop for this is the Constitution which allows for freedom of religion and all religions to be treated as equal (Coertzen, 2014). However, Kuperus (2011) took a more conservative approach suggesting that the role of the various religious institutions has a mixed effect on democracy in South Africa but there is optimism of the role these institutions will have in the future. Similarly, Coertzen (2014, p.141) stated that there is still more to be done to ensure religious freedom and called upon both the state and religious institutions themselves “to respect, protect, promote and fulfil the rights and freedoms of all religions in the country.”

2.3.2 The South African Constitution and constitutional institutions

This section explores the South African Constitution and a unique set of institutions which are associated with it. The South African Constitution, set out in 1996 is the supreme law of the country with the aspirations of healing the divisions of the past, pursuing a democratic, open and free society, improving the quality of life and constructing a united and democratic South Africa (Constitution of the Republic of South Africa, 1996). The Constitution also sets out South Africa’s three decision-making institutions. Firstly, the legislative branch – the parliament which debates and makes laws; secondly, the executive

branch – the president, who enacts the laws; and finally, the judicial branch, which judges on the laws (du Toit, Swart & Teuteberg, 2016). It is intended that all three branches provide checks and balances to prevent one from gaining too much power. Inevitably, conflict and tension exist between the three in similar national systems and the presence of this tension is no different in South Africa (Wesson & De Plessis, 2008). In addition to the separation of power, the Constitution also sets out a series of unique constitutional institutions often referred to as the Chapter 9 Institutions. These institutions are vital in providing checks and balances on the executive, legislature and judiciary, while also upholding the Constitution throughout South Africa. For example, they provide an opportunity for individual citizens to seek amends and reparation from maladministration of the government (Ntlama, 2015). These institutions also play an important educational role in South African society e.g. discussing and promoting certain unrealised rights (De Vos, 2012). The constitutional institutions are subject to only the Constitution and the law; must be impartial and free from influence from individuals as well as other state institutions and finally must report to the National Assembly at least once a year (Constitution of the Republic of South Africa, 1996).

The South African Constitution is unique in many ways. Sajó (2016) identified that constitution design is often an emotionally driven process including public sentiments and basic moral emotions. This is clearly apparent in the case of the South African Constitution, which even before the establishment of democracy in South Africa, it was advocated that social justiciable rights be included (Scott & Macklem, 1992). Similar sentiment is shared by Powell (2010, p. 244) regarding the creation of the South African Constitution “Making social justice a founding value of the new order and the key link between past injustices and reconciliation.” Unlike most other nations, South Africa’s Constitution which has been described by some as one of the world’s most progressive, features many basic human rights such as privacy, housing, healthcare etc. which are absent in most formal constitutions

(Kende, 2003; Cohen, 2014). While most view this as positive aspect, the inclusion of these rights has caused issues.

Enhancing the already noted progressive human rights approach of the South African Constitution are the Chapter 9 institutions, for which roles are set out in the Constitution. These include the Public Protector, the South African Human Rights Commission (SAHRC), the Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistics Communities, the Commission for Gender Equality, the Auditor-General and finally the Independent Electoral Commission (Klug, 2015). Two of the most well-known constitutional institutions are the SAHRC, which is responsible for the protection and promotion of human rights and the Public Protector office, which is able to investigate alleged or suspected improper abuses of state power (Mubangizi, 2014; Thipanyane, 2015). Compared with other National Human Rights Commissions in Africa, the SAHRC is well resourced, generally free from influence and one of the most active (Beredugo & Viljeon, 2015). The SAHRC has several roles including investigating human rights abuse cases as well as monitoring and reporting human rights (Ebadolahi, 2008). However, the actual impact of the commission and the progress of human rights in South Africa is questioned by many (Ebadolahi, 2008). Some suggest that it is hard to judge the Commission due to the trials it faces such as underfunding and the vast scale of the challenge (Okafor, 2014). The Public Protector, especially under the leadership of Thuli Madonsela has become according to Thipanyane (2015, p.135) “The leading champion of constitutional democracy” and more important than the SAHRC. While the Public Protector is indirectly tasked with the protection of human rights, its focus is in the sphere of the government, where it can not only investigate and report but also take remedial action (Mubangizi, 2014). As will be discussed at the conclusion of this chapter, the Public Protector has recently been involved in an extremely high-profile case involving the executive, legislative and judicial branches.

All the constitutional institutions at some point have made positive decisions which have directly or indirectly benefited the wider South African society and business environment. For example, the Public Protector investigated and successfully found maladministration in the public broadcaster, South African Broadcasting Corporation in 2015 (Venter, 2016). The 2016-2017 Annual Report produced by the Commission for Gender Equality (2017) detailed the work the Commission has accomplished over the past year. This includes opening and attending to 715 files, closing 609 of these, involvement in transforming legislation including the decriminalisation of sex workers and finally, litigation battles against government departments and corporations (Commission for Gender Equality, 2017).

However, not all are convinced of the strength and the independence of the South African Constitution and the Chapter 9 institutions. Mattes (2002), amongst other criticisms of the South African Constitution points out there are only few mechanisms provided by the Constitution regarding the separation of power between executive and legislature. This is mainly a result of the majority the ANC holds in the parliament and its place at the head of the executive. However, the majority of criticisms focus on the inability of the institutions to operate meaningfully outside the influence of the government and to achieve significant results. For example, despite South Africa's progressive Constitution and constitutional institutions tasked with ensuring it, many of the rights which are enshrined in the Constitution are still not fully realised throughout the country. Similarly, many of these constitutional institutions such as the SAHRC have been described as having less impact than would be expected (Beredugo & Viljoen, 2015). This can be illustrated by this quote by Powell (2010, p.247-248): "The state has gone a long way towards providing for the basic needs of its citizens, but this progress falls far short of what is needed to achieve real social justice."

2.3.3 South African judicial institutions

Despite the apparent strength and independence of the judiciary in South Africa (Wesson & Du Plessis, 2008; von Holdt, 2013), there have been questions regarding its independence and integrity in the past (Morei, 2014; Siyo & Mubangizi, 2015; Shetreet & Forsyth, 2017). South African law is a unique combination of Roman-Dutch and English origins (Erasmus, 1990; Van Loggerenberg, 2016) with the intricate addition of local customary law (Roederer, 2009). The South African judicial system is structured with the two most important courts: The Constitutional Court (CCSA) and Supreme Court of Appeal regarded as the two highest courts. The Supreme Court is the highest court aside from dealing with matters of the Constitution, in which a CCSA ruling will be final (Kelbrick, 2010). Underneath are a series of High Courts divided geographically; beneath them are lower courts such as Magistrate courts and Small Claims Courts (Kelbrick, 2010).

Hlophe (1995) writing after the conclusion of apartheid wrote of the challenges that faced the judiciary in the years to come. In particular highlighting the process of establishing legitimacy and the inclusion of social rights. Various authors (Pieterse, 2004; Wesson and Du Plessis, 2008), praised the transformation of the judicial institutions of South Africa, from the apartheid era-institutions that did little in relation to abuses by the executive and legislature to independent institutions providing at least some of the required checks and balances. Du Toit et al. (2016) discussed the difficult position of the South African judiciary; in particular, the relative fusion of the executive and legislative chambers as a result of the domination of ANC which inevitably undermines the separation of the two. As described in the Constitution, each of the three must provide checks and balances so one does not dominate or get too much power. Due to the frequent close proximity of the executive and legislature, the judiciary is often the odd one out. However, du Toit et al. (2016) noted the strong authority of the judiciary and power of judicial review which is set up to prevent any intrusion.

The CCSA is described by Roux (2009) as being remarkably successful and a credible institution, despite having detractors. Importantly, the CCSA has fought and won on several occasions against the ANC (Roux, 2016). Because of successful clashes such as these, the CCSA is labelled as a strong and independent institution (Landau, 2010) and one of the most successful constitutional courts internationally since the 1990s (Roux, 2009). A similarly positive example of the judiciary is the successful claims of corruption in political institutions, against the former National Commissioner of the South African Police Service Jackie Selebi (Schwella, 2013). This involved conviction with the high court and an unsuccessful appeal to the Supreme Court of Appeal. This example shows the seemingly apparent weakness of the political institutions but the strength of the judicial institutions to convict him.

Nonetheless, criticism of the CCSA can be found throughout the literature. Cohen (2014) suggested that the legitimacy of the courts has been eroded by the government's failure or lack of speed in implementing the court's rulings. Cohen (2014) used the landmark Grootboom case in that the complainant died homeless after waiting 8 years following the ruling which forced the government to provide a house. The National Assembly was further criticised by Ntlama (2015) for its lack of decisiveness in findings from various institutions including the Public Protector, Treasury and the Electoral Court. Ntlama (2015) went further questioning the credibility of the National Assembly and its accountability to the South African population. Dugard (2007) provided a series of criticisms of the CCSA. The first is the inaccessibility of the court to everyday citizens. As stated there have only been a small number of cases heard by the CCSA and the process of getting a case there includes the normal court hierarchy which can be lengthy and costly. Furthermore, Dugard (2007, p. 981) suggested that the CCSA especially in the case of social and economic rights, has been overly cautious for reasons such as "fear of straying into the political domain."

Concluding this section, it is clear that South African judicial institutions are some of the strongest institutions in the country at the moment. Additionally, this is reflected in the various indices analysed above. Despite criticisms existing (though they do in every country), the South African judiciary is considered by most as independent and free from influence. The judiciary, in particular the CCSA has an important role in ensuring the separation of powers which it has done in the past. Due to the strength of the South African judiciary, this bodes well for multinational firms considering entering South Africa. As stated by Urban and Hwindingwi (2016) the role of the judiciary is an important aspect in operating in African countries, furthermore, the link between higher levels of FDI and judicial strength is well documented (Asiedu, 2006; Staats & Biglaiser, 2012).

2.3.4 South African regulatory institutions

As described by Holmes et al. (2013), alongside political and economic institutions, regulatory institutions are one of the three most important types of formal institutions for managers. Similarly, the importance of regulatory institutions are underlined by neo-institutional economists which “Use the expression ‘institutional environment’ to study primarily the regulatory framework” despite social aspects of institutions being accepted in the literature (Coeurderoy & Murray, 2008, p.673). Scott (1995) concisely identified the process of regulatory institutions as rule setting, monitoring and sanctioning. Likewise, Cao and Perderzoli (2013) identified regulatory institutions require formal codification, enactment and enforcement and are generally backed by sanctions. Generally, regulation is created and enforced by governments or state bodies; however, in some cases state-endorsed private bodies or professional organisations may assist (Ghosal, 2014).

There are various reasons regulations are created such as encouraging social improvement, reducing environmental impact, ensuring safety and reducing systemic risk (Ghosal, 2014). However, pressures from regulation play an important role in directing firm strategy (Han & Yang, 2016). For example, regulation impacts firms entering a new market (Coeurderoy & Murray, 2008) as well as establishing the rules for domestic and foreign firms. The regulatory environment also plays an important role in reducing uncertainty (Holmes et al., 2013). However, linking back to the literature on institutional change, regulation may also create uncertainty for firms. For example frequent policy shifts (Viscusi, 1983). Economies lacking clear and enforced regulations often function under informal conditions that may include corruption and increases in the transactional costs of doing business (Luiz & Stewart, 2014). Therefore, it can be concluded that regulation can have a positive or a negative impact on firm performance (De Jong & Van Wittleloostuijn, 2015) and be restrictive or enabling (Baldwin, Cave & Lodge, 2011).

It is important to note that due to regulations varying from country to country, the concept of institutional distance becomes important (Kostova, 1999). Using Scott's three institutional pillars, Chao and Kumar, (2010) found that regulative distance between home and host country is in fact the most impeding pillar for firms in foreign countries and the most likely to impact overall firm performance. However, Ionascu, Meyer and Estrin (2004) contrasted this by suggesting that as regulation is in most instances is formally codified, it is therefore easier to understand and to adopt even with high regulatory distance. Xu and Shenker (2002) logically proposed that when regulative distance is high, multinational firms will often choose a low control option to enter the market, when compared to a situation which has low regulative distance in which it is more likely to choose a full ownership option.

Moloi (2014) provided a comprehensive analysis of the regulation in regard to the South African Banking system which can be used as an example of sturdy South African regulation. This is through legislation and regulation set out by the Banks Act, No. 94 of 1990 which governs banks' best practice through the globally accepted Basel Accords and supplementary regulation such as the King III Report on Corporate Governance, Financial Intelligence Centre Act, National Credit Act, Consumer Protection Act and Competition Act. Amongst other arguments, Moloi (2014) stated that prudent regulation in regard to foreign exposure has curbed South Africa's overall foreign risk which has meant it has navigated worldwide financial events such as the 2007 Global Financial Crisis better than other developed countries. However, the paper did note that there are some concerns surrounding the banking system in South Africa. For example, the presence of four dominant banks in South Africa leads to concerns about collusion between the banks at the expense of the consumer. To counter any such attempts, the Competition Commission provides oversight in suspected uncompetitive behaviour cases, also the South African Reserve Bank and National Treasury have the authority to analyse any major investment or acquisition (Moloi, 2014). The paper is concluded by suggesting that the South African regulatory environment in the banking sector compares favourably to other developed countries. Maredza and Ikhide (2013) reached a similar conclusion declaring the banking system as well regulated in terms of first world economies.

However, whilst the above paragraph indicates sound regulation which is adhered to throughout South Africa, this is not always the case. For example, Katuu and van der Walt (2016, p.6) found that there is "substantial legislative and regulatory dissonance in the management of health records." This has resulted in a lack of strategy in keeping important records throughout the country. Similarly, Harris, Cooper, Strebel and Colvin (2014) found the lack of regulation related to record keeping in regard to abortions needs to be improved.

Another example of regulation that lacks alignment across the industry is provided by Lanerolle (2011); who highlighted the continued misalignment and in some cases contradiction of broadcasting and telecommunications regulation and policy in South Africa.

Furthermore, small scale or petty corruption, which has been associated with regulatory agencies in the past, is an important topic within South Africa. The 2018 Corruptions Perceptions Index ranks South Africa a modest 71st out of 180, although the reign of former president Jacob Zuma is noted for its increases in corruption, its lack of attempts to combat corruption and finally corruption scandals involving the Gupta Family, Schabir Shaik and Jackie Selebi. Rispel, Jager and Fonn (2016) suggested that poorly enforced regulation in South Africa influences corruption in the public sector. Investigations into compliance and enforcement in the fishing industry in South Africa has shown it as being tainted with corruption (Hauck & Sweijd, 1999; Sundström, 2012). Additionally, Sundström (2012) highlighted the significant and negative effect that both petty and grand corruption has on individual's willingness to comply with regulation.

While this commentary on South Africa focuses on past events, it is important to emphasise that past events cannot be generalised across the entire nation. Furthermore, it is important not to assume that past events dictate the present and the future. For example, the rhetoric that is emerging from the current South African government led by the new president Cyril Ramaphosa is promising and full of optimism about South Africa's future. This includes pledges to tackle corruption throughout South Africa including the government, police and public institutions (The Economist, 2018b; Burke, 2018; Torchia & Ntshangase, 2018). Finally, in an attempt to assist foreign investors, the South African Government has set up an initiative labelled InvestSA (Govender, 2017). The goal of this initiative is not to help investors bypass regulations but to provide assistance, so they can navigate regulation smoother with the goal of reducing time and resources spent (Govender, 2017). This is

following the desire from both the previous and new government to increase new investment in attempt to restore business confidence and prevent any further declines in the economy (IOLa, 2018a). Further examples include the signing of a memorandum of understanding between InvestSA and its Indian equivalent, Invest India (IOL, 2018b) and the opening of further InvestSA One Stop Shops in various provinces tasked with providing support to investors (Chauke, 2018; CNBC Africa, 2017; Govender, 2017).

Concluding this section on South African regulation, it is clear that it is impossible to make a generalised statement on South African regulation as a whole due to the varying nature of regulation in different industries throughout the country. Some industries, such as the banking sector in South Africa have strong regulation, which encourages foreign investment in the country. However, it is also obvious that in some industries and sectors there are issues such as misaligned regulation and corruption. Finally, it is promising to note the recent attempts made by the South African government to assist new foreign investment with the regulation in South Africa.

The recent well-known case surrounding former president Jacob Zuma's renovation and upgrades of his residence in Nkandla is a good example to conclude the discussion on South African institutions. This example is useful as it shows the operation of several institutions discussed above separately and the interaction between them. It is also beneficial as it provides a current assessment of some of the strengths and weaknesses in these institutions. Firstly, following investigations completed by the constitutional institution, the Public Protector; a report found that some of the upgrades to Zuma's Nkandla residence were not related to security and therefore not eligible for the state to cover the cost (Hodgson, 2018). Consequently, Zuma was ordered by the Public Protector to pay back the money and the ministers involved reprimanded (Hodgson, 2018; Parpworth, 2017). The report was also sent to the National Assembly as it is obliged to. However, both Zuma and the National

Assembly were dismissive of the report and did not comply with the recommendation set out by the Public Protector (Parpworth, 2017). This resulted in the Economic Freedom Fighters and the Democratic Alliance, both South African political parties, applying to the judicial institution, the Constitutional Court. The Court upheld the findings of the Public Protector's office but more importantly found that both Zuma and the National Assembly's failure to act upon the Public Protector's findings had "violated their respective constitutional duties" (Hodgson, 2017, p.80). Following this finding Zuma issued an apology and outlined his intention to abide by the Court's judgment (Parpworth, 2017).

It is important to comment on the findings of both the Public Protector, a constitutional institution and the Constitutional Court, a judicial institution as both institutions have been criticised as highlighted above. It is concerning that these misuses of state resources and in the position and privilege of the President and ministers emerged in the first place. In the end this had a significant impact on the image and credibility of Zuma, the ANC and South Africa both internally and internationally (Tella, 2018). Furthermore, it is concerning that both the President and the National Assembly ignored the findings and directives of the Public Protector. While this does remove past suggestions of manipulation and meddling of the executive in constitutional institutional affairs, it also endangers the image and role of these constitutional institutions if someone, especially one as public as the president, can simply ignore them. However, the application and eventual acceptance of the Constitutional Court findings by the President demonstrates the strength and independence of the judiciary in present day South Africa (Tella, 2017).

2.3.5 Measuring South African institutions and identifying institutional change

To provide an understanding of the strengths and weaknesses of South African institutions from an empirical viewpoint, this section will analyse some of the important measures that were previously discussed. As highlighted, many of these are used by firms in the decision-making process as well as academics publishing research. Such as their importance to firms and researchers, these rankings will be used in the discussion alongside the collected data to explore certain themes. Included in this analysis will be a brief exploration of South Africa's rankings in previous years. Finally, a discussion on some contemporary commentaries in response to these rankings as well as their opinions on institutional change in South Africa will add context into this analysis. This combination of data will enable conclusions to be drawn about the current state of South Africa from an empirical viewpoint as well as apply the concept of institutional change.

One such study that provides a detailed insight into institutions is the Global Competitiveness Report (GCR). The 2017-2018 edition of the report ranked South Africa's institutions 61st out of the 137 countries studied (Schwab, 2017). Contributing to the ranking and applicable for this research was 'Strength of Investor Protection' which recorded the highest score of 21 out of 137, 'Strength of Auditing and Reporting Standards' and 'Protection of Minority Shareholders' Interests' which both scored 30 out of 137. Importantly 'Judicial Independence' scored highly with 36 out of 137, 'Efficiency of Legal Framework in Settling Disputes' 31 and 'Efficiency of Legal Framework in Challenging Regulations' 36. Some of the themes that pulled down the ranking however were 'Public Trust in Politicians' (114th) and 'Favouritism in Decisions of Government Officials' (127th). In the 2018 edition of this report South Africa has dropped 14 places from the 2017 report where it was ranked 47th (Schwab, 2016). The authors of the report identify the stagnation of South Africa's economy and political uncertainty as major contributing factors to this decline. It is important

to highlight that despite this slip in ratings, South Africa was only passed by one other Sub-Saharan African nation – Rwanda. This meant that South Africa is ranked third in Sub-Saharan Africa, behind both Mauritius and Rwanda which is noted in the report. This fall in rankings was observed by the South African media as concerning and an issue that needs to be addressed (Stuurman, 2017; News 24).

Another important report discussed above is the Ease of Doing Business Report compiled by the World Bank. The 2018 ranking of South Africa sits at 82 out of 190 surveyed, with the time to start a business being 45 days (The World Bank, 2018a). Interestingly and perhaps most relevant for this research were South Africa's two lowest scores: for 'Starting a Business' (136th) and 'Trading across Borders' (147th) (The World Bank, 2018a). Similarly, this ranking has dropped in the last twelve months from a ranking of 74 in the 2017 report (The World Bank, 2017). This continues a trend down from 2014 and 2015 where it was in the forties, 2007-2013 in the thirties and 2006 when it was at 28th in the world. Similar to the GCR, this report shows South Africa is behind both Mauritius and Rwanda in Sub-Saharan Africa. However, in this report South Africa is also behind Kenya and Botswana, though only by one and two rankings.

As mentioned above, Garrido et al. (2014) provided a list of four measures of formal institutions that are commonly used in strategic management. Firstly, the Economic Freedom Index gives South Africa a ranking of 77 with an overall score of 63, placing it fourth in Sub-Saharan Africa (The Heritage Foundation, 2018). The report noted Fiscal Health, Monetary Freedom and Trade Freedom as scoring well and Judicial Effectiveness and Property Rights as considerably above the global average. Contrasting this Government Integrity scored the worst. Interestingly, within this report South Africa's ranking has been stable over the last ten years, and in fact increased both its score and ranking since the 2017 report (The Heritage Foundation, 2017). However, the 2017 report does state that South Africa is performing well

below its potential (The Heritage Foundation, 2017). The second measure, the Political Constraints Index rated South Africa 0.425822 on a scale of 0 to 1.0 which indicates medium levels of political hazards (The Wharton School, 2017). Over the last ten years this ranking has remained in a similar position, though has dropped from its highest ranking of 0.46 in the early 2000s. The third measure, the Worldwide Governance Indicators used several indicators that for South Africa all sit between -0.13 and 0.64 on a scale of -2.5 (low governance) to 2.5 (high governance) (The World Bank, 2018b). In all but one of these indicators (Voice and Accountability), South Africa is lower than where it was in 2006. The final measure, the Corruption Perceptions Index ranked South Africa 71st out of 180 countries with a score of 43 out of 100, and 7th in Sub-Saharan Africa (Transparency International, 2018). This is a decline of 7 rankings from the year before. Furthermore, looking at past reports shows that in 2006 South Africa was ranked 51st, showing a further decrease in ranking.

Finally, it is worth noting the use of these rankings as discussed earlier. This includes the individual conceptual challenges and drawbacks which each index possesses. Furthermore, they all target different concepts and aspects many of which do little to cover the real-life aspects of doing business in the country. One important aspect for firms doing transnational business is the use of expatriate staff. The HSBC Expat Explorer Survey ranked South Africa as 33rd best place in the world to live as an expatriate. This is despite low scores in Politics, Economic Confidence and Safety (HSBC, 2017). Interestingly, South Africa is the highest-ranking nation on the continent and higher than nations such as the United Kingdom, Italy and South Korea. Another example of the real-life aspects of South Africa is from a case study on the Canadian firm Enablis. They stated that South Africa was selected for market entry as it was a “stable country with a certain level of development” (Brière, Tremblay & Daou, 2015, p. 717).

South Africa provides an ideal context to examine institutional change. This can be partially attributed to 1994 and the dismantling of the Apartheid and transition to democracy (Hamann, 2004; Kirkland, Hunter & Twine, 2007). This event can be described as one of the most successful large institutional changes in recent history and can be evidenced by the full enfranchisement of all South African citizens alongside the establishment of a new set of institutions (Gumede, 2015). Furthermore, this occurred without full scale civil war (Mattes, 2002). However, since 1994 and the initial period of growth, prosperity and hope, the late 2000's till the present has been increasingly challenging with a less cheerful outlook in the future. As highlighted in the majority of rankings discussed above, there is often a downward trend in the rankings for South Africa.

Similar sentiments are voiced in contemporary commentaries both inside and outside of South Africa. In 2012 the Economist (2012) expressed its concerns that South Africa was "doomed to go down, while the rest of Africa goes up." This was in response to the failures of Jacob Zuma to clean up corruption and the impact of a single party state. Mda (2017) writing in the New York Times questioned whether South Africa can reawaken Nelson Mandela's dream. This article follows similar sentiment attacking Jacob Zuma and the institutions failure to act upon corruption, its subversion of democracy, mismanagement of the country's resources and cronyism. Torchia (2016) reported in the Daily Mail on comments made by the Nelson Mandela Foundation describing the weakening of state institutions and the threat this posed to democracy. Schirmer (2017) used the example of property rights and the South African government's increasing disconnectedness from poorer communities which has led to growing violence as an example of institutional change and the results of this. Furthermore, as discussed above, Gumede (2015) used the violence at Marikana as evidence of institutional deterioration. However, it must be noted the

appointment of Cyril Ramaphosa has been met with optimism both in the business community and throughout South Africa.

There are several themes that can be identified from both these rankings and contemporary commentaries. Firstly, South Africa is placed in the middle to upper-middle range in most of the institutional scales analysed. It can be concluded that while not possessing the strongest institutions in the world, South Africa institutions are comparatively stronger when compared to other Sub-Saharan nations and one of the best in the region. The same conclusions can be drawn about the current economic environment in South Africa. Good infrastructure and judicial independence are two examples of themes that were positive in contributing to these rankings in many of these reports. There is however, often a collective stagnation or downward movement for South African institutions in many of these rankings such as the Global Competitiveness Report, The Ease of Doing Business, World Governance Indicator and the Corruption Perceptions Index as illustrated above. There are several explanations that can be attributed to this, with each report producing its own reasoning; attributing the very small economic growth in South Africa (Schwab, 2017) to Jacob Zuma alongside the ANC and its failures to address corruption, poverty, economic problems etc. (Mda, 2017; Schwab, 2017; The Economist, 2012). Though not necessarily positive, the general direction of these measures and contemporary commentaries can be used as evidence of the institutional change that is currently occurring in South Africa. This obviously has and will have in the future, major implications for firms looking at doing business in South Africa and should be considered in their strategy.

2.3.6 South Africa & New Zealand

Historically New Zealand and South Africa relations could be described as cordial at best, despite both emerging from the British Empire. The sport of Rugby Union has perhaps had the most impact on New Zealand/South African relations, sparking controversy as early as 1928 with the exclusion of Maori players in touring teams. In Thompson's (1975) commentary of the lead up to the departure of the 1960 tour of South Africa, he described the public controversy as being the largest since the debate on Prohibition and that despite the tour going ahead without Maori selections, the size and intensity of protests for equality would bring relations between Maori and Europeans closer. This tour proved to be the catalyst that would bring wider attention to the subject, with larger protests, cancelled tours and the eventual suspension of diplomatic ties between the two countries. It is also important to note the changing of objectives of the boycotts and protest over the decades. Initially the boycotts and protests were designed to end racism in South African sport. However, by the 1980's they were intended to force the abandonment of Apartheid (Booth, 2003). This culminated with a series of events including the 1981 tour labelled as the closest New Zealand has seen to civil war in the twentieth century (Richards, 1999) and the eventual severing of diplomatic ties and the closing of the South African Consulate-General in Wellington in 1984 (Templeton, 1998).

Relations between the two nations improved with the conclusion of Apartheid and the election of Nelson Mandela as president in 1994. The New Zealand High Commission to South Africa opened in 1996 and the South African High Commission to New Zealand opened in 2009 (Peacock, 2013). In October 2016, the new High Commissioner to South Africa was announced with former Foreign Affairs Minister Murray McCully reaffirming the relationship, highlighting the government's increasing priority on relations with Africa and

the commitment to help New Zealand firms develop markets in South Africa (McCully, 2016).

However, recent events both in South Africa and New Zealand leave an uncertain future between the two nations. Firstly, in late December 2016 the New Zealand government introduced visa requirements for South Africans visiting New Zealand (New Zealand Immigration, 2016). In direct response and in line with the principle of reciprocity, South Africa also withdrew visa free travel for New Zealanders (Department of Home Affairs, Republic of South Africa, 2017). As noted in the media this has had implications for tourism operators who have already noticed a decline in tourists from both countries. However, the process, which involves the extra time and cost of visiting Auckland or Wellington to complete the application process, as well as the cost of applying for the visa, means that visiting South Africa has become considerably more expensive and time consuming for New Zealanders. A second recent event that may have implications is the election of the Labour Party in New Zealand. The Labour Party has already announced plans to cut foreign immigration (New Zealand Labour Party, 2017a), ban the sale of property to overseas buyers, which will mean the renegotiation of trade agreements such as the Trans Pacific Partnership (New Zealand Labour Party, 2017b), and increase the minimum wage (New Zealand Labour Party, 2017c). While none of these necessarily directly impact New Zealand firms in South Africa, all of these are very different from the path the former National Party led Government had taken and provide examples of the uncertainty that this change of government has brought. However, the Labour Party has indicated a focus on the primary industries, expanding and diversifying trade and greater support for internationalisation (New Zealand Labour Party, 2017d). Perhaps more importantly for New Zealand business in South Africa is the recent resignation of former president Jacob Zuma and the election of Cyril Ramaphosa in February 2018. Ramaphosa has been heralded as the anti-corruption leader who will grow the

South African economy (John, 2018). For example, Ramaphosa recently appointed a team to attract \$100 Billion in new investment into South Africa (Mbatha & Cohen, 2018; Reuters, 2018). However, Ramaphosa's task is not small and it is impossible to judge him and the results so early into his presidency. Finally, the recent removal of former President Robert Mugabe in neighbouring Zimbabwe needs to be also taken into account as it may have consequences such as regional destabilisation. While the current situation is still positive, if it were to deteriorate, violence both indirectly and directly aimed at South Africa may spread in the region similar to the Arab Spring in 2010 (Bentley, Nathan & Calland, 2013).

In terms of economic interaction between South African and New Zealand, while other nations such as Algeria and Nigeria register higher levels of trade with New Zealand, South Africa's trade is much more diversified and does not solely rely on the dairy industry. Data from Statistics New Zealand (2018) shows that total exports to South Africa were \$302 million, up from \$272 million in 2016 and \$257 million in 2015. The two key product groups according to Trade Map (2017) are "dairy produce, eggs, natural honey, edible products of animal origin – not specified elsewhere," followed by "pulp of wood or other fibrous cellulosic material, recovered (waste or scrap) paper or paperboard." The other two groups that contribute more than \$10 million worth are "fish and crustaceans, molluscs and other aquatic invertebrates" and "machinery, mechanical appliances, nuclear reactors, boilers; parts thereof."

2.3.7 New Zealand's Institutions

As the focus of this research is on the institutional differences between South Africa and New Zealand, it is essential that New Zealand institutions are considered so that comparisons can be drawn in Chapter Four. This section will provide only a brief overview,

as it is assumed that most readers of this research will be familiar with New Zealand and its institutional environment. Aotearoa New Zealand is small grouping of islands in the South Western Pacific Ocean with its territorial waters bordering Australia to the West, Antarctica to the South and numerous Pacific Island nations to the North. New Zealand is a constitutional monarchy with a parliamentary democracy led by the Prime Minister of New Zealand, but its Head of State is the Queen of New Zealand, Queen Elizabeth II. New Zealand's population is just under five million people and the economy is reliant on tourism and international exports.

Beginning with constitutional institutions; New Zealand has the unique position of being one of only three countries, alongside the United Kingdom and Israel as not possessing a formal written constitution (Allan, 1998). Instead of having a written document New Zealand's constitution contains a wide variety of different aspects such as laws, court decisions and the Treaty of Waitangi. However, it is important to note that the separation of powers in New Zealand are indeed set out in a written document; The Constitution Act 1986 which details this relationship. Palmer (2006) writes that there is disturbingly little academic literature on the constitutional environment in New Zealand but suggest the vagueness and the ability for it to rapidly change has made this lack of research unsurprising. Critically, Palmer (2006) further details how he believes New Zealand's constitutionalism is characterised as "office-holders' constitutionalism", as there is a lack of scrutiny on important characteristics such as accountability, appointments and dismissals. New Zealand also possess a similar set of constitutional institutions to the South African constitutional institutions discussed above. For example, in 1962 the New Zealand Office of the Ombudsman was formed and later in 1977 the Human Rights Commission was established. Both these two institutions operate in a similar manner in New Zealand to their South African counterparts.

In regard to the judicial system in New Zealand, the highest court is the Supreme Court set up in 2003 that replaced the London based Judicial Committee of The Privy Council (Cortes, 2013). Underneath this is the Court of Appeal, the High Court and the numerous District Courts centred around the country. Outside this system there are a series of specialist courts such as the Employment Court, the Environment Court and the Waitangi Tribunal. New Zealand's judicial system is ranked seventh in the world by the World Justice Project (2017) and the Global Competitiveness Report (Schwab, 2017) ranks New Zealand's judicial independence as second only to Finland. This indicates New Zealand has an excellent judicial system. However, while New Zealand's judiciary enjoys a good reputation and relative independence, just like their South African counterparts, some criticisms have been made; such as affordability and efficiency (Righarts & Henaghan, 2010) and more recently bullying and harassment (Radio NZ, 2018).

New Zealand's wide range of industry provides varying levels of regulation; however, some key generalisations can be made. According to the Ease of Doing Business Report, which identifies itself as presenting objective measures of both regulations and their enforcement, New Zealand is the number one country in the world (The World Bank, 2018c). This indicates world class regulatory institutions, though any conclusions must be mindful of the issues of these indices as discussed above. Nonetheless New Zealand regulatory institutions can be considered as solid institutions, for example, in 2017, New Zealand reclaimed its title of the world's least corrupt country (NZ Herald, 2017).

2.4. Chapter Summary

This literature review has discussed a number of important topics all of which are relevant to this research and essential to understanding institutions as well as a more complete

picture of the institutional environment in South Africa. The first section of this chapter begun by introducing the concept of institutions, however, as suggested, this concept is essentially contested with multiple viewpoints originating from different fields of origin. While there is much debate here, it can be concluded that most definitions subscribe to North and Scott when defining institutions. The importance of institutions within the field of strategic management is illustrated by Peng's institution-based view which analyses the interaction between institutions, firms and the firm's strategic decisions. This is complicated when firms enter new markets as they need to interact with the host country institutions in addition to its home country institutions. The literature is clear that significant differences exist between the institutions in developed nations and those of emerging or recently developed countries. This difference has been conceptualised as the institutional distance between two countries and is often measured using measures of formal institutions such as the World Governance Indicator or the Global Competitiveness Report. Nonetheless, numerous criticisms of these measures leave a sense of an uncompleted, inaccurate picture which lacks detail. Finally, the concept of institutional change and the impacts of this are discussed.

The second section of this chapter provides a review of the academic literature surrounding institutions in the context of South Africa. In particular three specific institutions are analysed. The case of South Africa is unique with a set of constitutional institutions which have a vital role in the context of South Africa. Judicial institutions in South Africa in the past have been known for their strength and independence especially when confronted with issues of government overreach. The review finds that despite criticism, this is still the case currently. The final set of institutions analysed is regulatory institutions. In the literature, there are both examples of sound regulatory institutions as well ones which provide greater challenges for firms. It is important to note the recent attempts made by the government to

assist foreign firms entering South Africa who are having trouble with regulation. The often-used measures of formal institutions were discussed in the context of South Africa. Most scored South Africa in the middle to upper-middle range compared to the rest of the world. Strong scores in infrastructure and judicial independence were a notable contribution to these ranking. Most measures illustrated a stagnation or deterioration in institutions, which is further reported in contemporary accounts. Finally, the relationship between South Africa and New Zealand provides context to this research, including a description of the turbulent relationship in the past to a small but growing, diversified trade relationship at present.

Chapter 3 – Methods Section

3.1 Introduction

The purpose of this research is to analyse South African institutions and the impact they have on New Zealand firms and their strategic decisions. This chapter outlines the method used in this thesis. A qualitative research design was selected as the most appropriate. In-depth, semi-structured interviews were used as the primary method of data collection. Post-data collection, conventional content analysis was used to identify, analyse and report on findings in the data. This chapter will begin with a discussion of the philosophical assumptions that underpin this research. Following on is a brief description of the literature review and the research questions emerging from the literature review. Next the data collection and analysis methods used in this research are explained, including a justification for their selection and an acknowledgment of their weaknesses and limitations. Thereafter is a brief description of the ethical aspects of the research and confidentiality, concluding with a chapter summary.

3.2 Philosophical Assumptions

Creswell and Poth (2018) highlight the importance of both understanding ones underlying beliefs and philosophical assumptions (mainly ontology, epistemology and methodology) and then actively including them in research. Including these ideas is essential as they undoubtedly influence the practice of research and the conclusions that are consequently formed from the data (Creswell, 2014). Ontology focuses on the basic question regarding the nature of reality; epistemology focuses on the relationship between the researcher and what is being research; and methodology considers the process of research.

Guiding this research is a social constructivist interpretive framework. Crotty (1998, p.42) provided a definition of constructivism as:

All knowledge, and therefore all meaningful reality as such, is contingent upon human practices, being constructed in and out of interaction between human beings and their world, and developed and transmitted within an essentially social context.

Taking the example of a phenomenon; as all knowledge and reality is able to be constructed by individuals about this phenomena, the result is that there may be more than one reality about this phenomena that is true and valid despite the individuals sharing the same experience of the phenomena. This is summarised by Moses and Knutsen (2012) who conclude constructivists accept individuals may look at exactly the same thing but perceive it differently. It is important to note that social constructivists talk about “constructing knowledge about reality, not constructing reality itself” (Shadish, 1995, p.67). As such there is no single truth or reality for constructivists because reality is a mental construction created specifically by the person who holds them (Guba, 1990).

As mentioned in Creswell and Poth (2018), within an interpretive framework certain philosophical assumptions are conveyed. Constructivism, following definitions of the key philosophical assumptions provided by Guba (1990) can be seen in the table below.

Table 2. Philosophical Assumptions

Ontology	Relativist - realities exist in the form of multiple mental constructions, socially and experientially based, local and specific, dependent for their form and content on the persons who hold them.
Epistemology	Subjectivist – inquirer and inquired into are fused into single (monistic) entity. Findings are literally the creation of the process of interaction

	between the two.
--	------------------

Methodology	Hermeneutic, dialectic – individual constructions are elicited and refined hermeneutically, and compared and contrasted dialectically, with the aim of generating one (or a few) constructions on which there is substantial consensus.
-------------	---

Table 2. Philosophical Assumptions. Retrieved from The paradigm dialog, by E. Guba, 1990, p.27. California: Sage Publications.

Copyright 1990 by Sage Publications.

Mackenzie and Knipe (2006) suggested that the constructivist framework is often likely to be a qualitative approach to collecting and analysing data as in the case of this research; however, do note that quantitative data may also be included to provide support to qualitative data. Following constructivist principles, which specify that meanings are constructed by individuals and their social interactions, which in turn means that meanings are variable, the constructivist qualitative researcher is interested in understanding the various participants' views on the phenomenon (Creswell & Poth, 2018). In summary Lincoln, Lynham and Guba (2011) suggested that knowledge is constructed through lived experiences and it is the role of the researcher to produce knowledge that reflects the reality of the researched. In an attempt to capture the various participants' views, open-ended questions or observations are suggested by Patton (2002). Finally, Mojtahed, Nunes, Martins and Peng (2014) suggested that the constructivist approach means that the majority of research is interview based. They suggest that interviews and their reliance on attempting to understand an individual's viewpoint as being complementary to the principles of the constructivist approach.

3.3 Literature Review

A comprehensive review of the literature was completed on the topics of institution-based view, institutional theory and South African institutions. A vital part of any academic endeavour is the review of prior and relevant literature on the subject topic (Rowley & Slack, 2004; Webster & Watson, 2002). The goal of a literature review is to show prior knowledge on the selected topic and provide evidence to justify the selected research aims and approach (Hart, 1998). A range of sources were utilised in the literature review; including journals, published books, contemporary news articles and international ranking indices. The results of the literature review provided a platform to understand the key concepts and complexities of institutions. It also provided an opportunity to understand some of the unique country specific characteristics and context that this research is set in. However, most importantly the results of the literature review identified the gaps in the literature and guided the creation of the research questions and methodology, as detailed below.

3.4 Research Objectives

The literature review produced three major research questions, followed by two sub-questions. These questions guided the creation of the interview schedule used in the interviews that can be found in Appendix 1.3.

The first objective is in response to findings in the literature review that stressed the differences in formal institutions between countries. The literature identified that individual countries have their own unique institutional characteristics and levels of development (Kostova, 1999; Kostova & Zaheer, 1999; Marquis & Raynard, 2015; Rottig, 2016). These differences had to be identified and explored within the context of South Africa which shaped the first question.

1. *What differences in constitutional, judicial and regulatory institutions are there between South Africa and New Zealand?*

Institutional differences may have various effects on how firms conduct business and the strategic choices they make (Oliver, 1991; Peng, 2000). The second research objective explored the impact institutional differences between host and home countries' institutions have on New Zealand firms that operate in South Africa. It also includes how and what firms plan for regarding these differences.

2. *How might these differences in these specific institutions impact upon New Zealand firms doing business in South Africa?*

- i. *How have these firms planned to or responded to these institutional differences?*

The final research question seeks to understand the impact of institutional change. As identified in the literature, institutions are not static and change can occur at any time (Dacin et al., 2002; Oliver, 1992; Peng, 2003). Therefore, it is useful to analyse what they believe the future holds for firms in South Africa. Additionally, the South African context is a particularly interesting institutional context since contemporary commentaries and various institutional measures suggest that South Africa is going through a period of institutional change which may have significant impacts in the future. Understanding how other firms plan to deal with this change may be useful for both academia and industry.

3. *What changes in these specific institutions do New Zealand firms believe will happen in South Africa in the next ten years?*

i. How do New Zealand firms plan to respond to these institutional changes?

3.5 Qualitative Data Collection

As described in the introduction a qualitative research approach was used in this research. Qualitative research methods, with origins in the social sciences (Myers, 2013), “Study things in their natural settings, attempting to make sense of or interpret phenomena in terms of the meanings people bring to them” (Denzin & Lincoln, 2011, p.3). Similarly, Skinner, Tagg and Holloway (2000, p.165) defined qualitative research as focusing on “Peoples experiences and the meanings they place on the events, processes and structure of their normal social setting.” In the business sphere, qualitative research allows interpretations of phenomena that addresses business objectives (Zikmund, Babin, Carr & Griffin, 2013). Qualitative research methodology include a number of specific methods such as interviews, ethnography, focus groups, action research and observations. Miles and Huberman (1994) highlighted some of the strengths of qualitative data including its ‘local groundedness’ – data is collected close to the phenomena, its richness and holism, and its focus on ‘lived in experiences’ which allow for understanding people’s perceptions and assumptions.

For this research a qualitative approach was selected as the research is exploratory by nature as there is no previous work on the selected countries in the context of institutions. Creswell and Poth (2018) identified this as an appropriate reason for selecting qualitative research. Additionally, they suggest other applicable reasons including desire for a complex, detailed understanding of the issue and an understanding of a specific context. Both of these are important for this research, as the research must include a comprehensive understanding of the issue otherwise it may miss important details. Breaking down both the definitions of qualitative research provided above by Denzin & Lincoln (2011) and Skinner et al. (2000)

there are obvious links with social constructivist approach discussed at the beginning of the chapter which indicate that qualitative methods is an appropriate choice.

3.5.1 Interviews

The method of data collection selected for this research was in-depth, semi-structured interviews. In-depth interviews are described as relatively long duration, both one-on-one and face-to-face, in which the researcher seeks comparatively deeper information and knowledge than other interviewing techniques (Johnson & Rowlands, 2014). In-depth interviews were selected for several reasons. Firstly, to understand institutions and the affect that they have, the research method must allow for the participants to go into detail (Henn, Weinstein & Foard, 2005). The level of detail required would not be satisfied by a survey or similar approach due to the complexity of the phenomena. Secondly, in-depth interviews allow participants to articulate their own thoughts without influences, which may bring up new and unforeseen aspects (Legard, Keegan & Ward, 2014). Interviews allow participants to “speak in their own voice and express their own thoughts and feelings” (Berg, 2007: 96). Mudambi and Navarra (2002) recognise the difficulty of identifying detailed features of strong and weak institutional environments, therefore in-depth interviews were best suited for capturing the details. Open-ended questions were used, with the participants encouraged to respond in detail.

In-depth interviews using a semi-structured approach are one of the most commonly used combinations of qualitative interviewing techniques (DiCicco-Bloom & Crabtree, 2006). Semi-structured interviews contrast both unstructured and structured interviews. They include a set of questions which have been predetermined, much like a structured interview. However, they should allow for questions to emerge during the interview (DiCicco-Bloom &

Crabtree, 2006). Following the initial question in which the response is often ‘surface level’, a series of probes or follow up questions should be used to obtain the greater and deeper understanding (Legard et al., 2014). A semi-structured approach allows key themes and questions which were drawn from the literature review to be included and explored. However, it also allows for the flexibility required to capture novel data and account for variation in a detailed manner (Legard et al., 2014). A justification for using the semi-structured approach is the philosophical assumption that participants view and define the world in different ways (Merriam, 1998). By utilising the semi-structured approach these differing views could be captured.

3.5.2 Interview process

As described by Johnson and Rowlands (2014), in-depth interviews should begin slowly with an explanation of the purpose of the research, followed by simple questions which have been planned. These initial questions were used to ease both the interviewer and interviewee into the interview and build trust and rapport between them (Johnson & Rowlands, 2014; Robson & McCartan, 2016). Following these simpler questions, between five to eight main questions which sought the desired depth and understanding were asked (Johnson & Rowlands, 2014). This represents the structured part of the interview as mentioned above. However, during these questions, sub-questions and probes were asked (Rubin & Rubin, 2005). This was often because the interview took unexpected turns or digressions, depending on the interviewee’s knowledge and experience. These were at times productive and insightful and were followed and probed deeper (Johnson & Rowlands, 2014). The interview process was concluded with a discussion on any relevant points missed in the interview before thanking them and ending the interview.

A pilot study of the in-depth interview was conducted on a family member who has had experience with a large multinational firm in emerging markets including different countries in Africa. This served as a trial run to identify limitations and weaknesses in the interview schedule, as well as allowing for the refinement of questions (Kvale, 2007; Turner, 2010).

3.5.3 Selection criteria

This research required several important selection criteria to be in place for participants. The first criterion is that participants must have been from firms that have their headquarters in New Zealand, since the research is focused only on New Zealand firms in South Africa. The second criterion is that the New Zealand firm must have had an interaction with South Africa for a period of 6 months or longer. This discounts firms that have recently set up and are still not yet accustomed to the country. Further study of those firms and their experiences setting up would make interesting research. Participants from the selected firms were responsible for designing, implementing and maintaining strategy within the context of South Africa. This was often the Chief Executive Officer (CEO) of the firm. However, in some larger firms, it was the country or area manager responsible for South Africa.

3.5.4 Limitations

Firstly, interviews involve individual participants recalling events which may have occurred several years before the interview. While it is hoped the participants would be able to remember the event clearly, they may not remember every detail, which may contribute to an important part of the story being missed out. Similarly, Patton (2002) argued data validity

may be limited due to the possibility of distorted responses owing to personal bias, lack of awareness and so on.

Maxwell (2012) identified the trade-off between structured and less structured approaches which needs to be noted. Structured approaches are much easier compared and generalised, whereas less structured approaches have higher internal validity and contextual understanding. It is also important to note that due to the flexibility the semi-structured approaches affords, it will not have as high reliability as a more structured approach as different follow-up questions and probes may be used depending on the interview.

3.6 Data Analysis

3.6.1 Transcription

The first step in the data analysis process was to organise the data. This involved listening to recordings of the interviews and transcribing them. Close attention was paid to the interviews recording every detail and adding notes from any notes recorded in the interview. Transcription occurred following each interview as qualitative research should be a simultaneous process which is dynamic and open to changes (Merriam & Tisdell, 2015; Rubin & Rubin, 2005). Transcription was completed solely by the researcher. Digital copies of the transcriptions were kept in a password protected folder on a personal computer provided by the University of Canterbury and hard copies were kept in a lockable draw, both within a secure building of the University of Canterbury.

3.6.2 Content analysis

Content analysis, generally known as the reduction and sense-making of qualitative data (Patton, 2002), was used in this thesis after the data had been collected and transcribed. More formally content analysis is described by Bryman & Bell (2015, p.298) as “An approach to the analysis of documents and texts (which may be printed or visual) that seeks to quantify content in terms of predetermined categories in a systematic and replicable manner.” According to Krippendorff (1980) one of the first well-documented instances of content analysis was in the eighteenth century in Sweden. An assortment of hymns causing unrest for the local church were analysed systematically for religious symbols. The main objective of content analysis is the reduction of many words from texts, such as interview transcripts, field notes or documents, into a smaller number of content categories (Weber, 1990). While content analysis is appropriate for a wide range of texts, it is also suitable for analysing unstructured data from unstructured, semi-structured interviews (Seuring & Gold, 2012) and in-depth interviews (Fitzpatrick & Boulton, 1994). It is widely recognised that objectivity and a systematic approach are important characteristics of content analysis (Berelson, 1952; Bryman & Bell, 2015; Holsti, 1969; Kassirjian, 1977; Stemler, 2001).

3.6.3 Conventional content analysis

A conventional content analysis approach as described by Hsieh and Shannon (2005) was used for this research. Due to the flexible nature of content analysis (Finfgeld-Connett, 2014; Hsieh & Shannon, 2005; White & Marsh, 2006), it can be inductive or deductive, depending on its appropriateness. Identifying this and other key differences within the variations of content analysis, Hsieh and Shannon (2005) categorised three different approaches; conventional, directed and summative. Following a more inductive approach conventional content analysis does not use a preconceived coding schedule, preferring to

derive codes from the data during data analysis (Hsieh & Shannon, 2005). This approach is often used in research that is exploratory or when there is limited research on the topic or phenomenon (Hsieh & Shannon, 2005; Picciotto & Fox, 2018). As this research explored a topic with little research before it and in a New Zealand context novel, it was important to recognise that new information which may not have been considered in prior research had the potential to emerge.

3.6.4 Content analysis process

The first step in the data analysis process was to read the full transcripts repeatedly to immerse oneself in the data: Similar to reading a novel. This was followed by rereading the transcripts carefully, word by word in order to identify codes to highlight. Following this, notes were written describing initial impressions and thoughts. Through this process, codes began to emerge that were grouped into categories of similar codes. Clear definitions for each category were developed and examples from the data were selected. This is an important way to increase reliability of the coding (White & Marsh, 2006). These became the base for the initial coding scheme for the rest of the transcripts, though importantly new codes were added if required. The original transcripts used to create the initial coding scheme were recoded using the new codes. Approximately 7-10 days after initial coding occurred, the transcriptions were recoded again using the same schedule. Categories and/or themes were then written up as part of the findings section and discussed further (Graneheim, Lindgren & Lundman, 2017).

3.6.5 Reliability and validity

Krippendorff (1980) stated if the results are to be valid the process needs to be reliable. To test this, some duplication of efforts is required. Contributing to this reliability is consistency of coding and consistency between coders through time (Berelson, 1952; Kassarian, 1977). As the coding was only completed by the researcher, there was no issue of inconsistencies between coders. However, consistency of coding was still an issue. One way for reliability to be tested is for the coder to recode the data at different points in time (Krippendorff, 1990; Schreier, 2012). This occurred 7-10 days after initial coding as suggested by Schreier (2012). Any differences were recorded for discussion. Berelson (1952) and Kassarian (1977) suggested that careful definitions of categories and appropriate selection of indicators, categories and units are suitable reflection of validity. This was completed after the initial round of coding and expanded in subsequent rounds.

3.6.6 Advantages and limitations of content analysis

The major advantage of using a conventional content analysis approach is that it allows for categories to be created during the coding process rather than relying on preconceived categories (Hsieh & Shannon, 2005). This allowed new data and themes to be introduced which may not have been considered initially. As the research was exploratory, this aligned well with the nature of the research. A further advantage of content analysis is its transparency. If the key principles of objectivity and a systematic approach are adhered to, the results should be replicable to any individual at any point in time (Bryman & Bell, 2015).

As with any methodology, content analysis also has its disadvantages and limitations (Insch, Moore & Murphy, 1997; Kondracki, Wellman & Amundson, 2002). Firstly, Bryman & Bell (2015) highlighted that there may be too much emphasis on the measurable outcomes

rather than what is theoretically significant or important. Furthermore, scholars (Morris, 1994; Weber, 1990) highlighted the assumption that the more frequently a topic is mentioned the more important it is for the participants. Similarly, the lack or absence of mentions means that the topic is irrelevant. There may be various reasons for this, for example Morris (1994, p.929) in the field of strategic management suggests topics may avoided in an attempt to “avoid drawing attention to a potential weakness or to avoid disclosing future actions of the firm to competitors.”

3.6.7 Justification for content analysis

There were several reasons why content analysis was selected for the task of data collection. Firstly, was its ability to handle unstructured data. As described in Krippendorff (2012) surveys and structured interviews generally result in predefined answers which are easily coded and processed. As the data was obtained from unstructured interviews and the research goal to explore a phenomena with little prior research, a method which could handle this data was required. Secondly, as discussed above is content analysis’ ability to edit the coding schedule during the coding process rather than strictly using a preconceived coding schedule. As this research explored new phenomena, there had to be an opportunity for new data to be recognised and explored. Thirdly, the systematic and transparent results of content analysis allow much more credibility to be applied to the results of the research. Finally, content analysis aligns well with the philosophical framework of social constructivism that underpinned this research.

3.7 Ethical Approval

This research conforms to the guidelines set out by the University of Canterbury Human Ethics Committee. Ethics approval was sought and given by the University of Canterbury Human Ethics Committee before data collection begun. All information was treated as confidential at all stages of data collection, analysis and reporting. All data and transcriptions were securely stored to the best of the researcher's ability and destroyed at the conclusion of the research project in line with University of Canterbury policy. Participants were made aware that their participation was voluntary and that it may be discontinued at any stage with all data being destroyed at the request of the participant. Any conflicts of interests were fully declared prior to research. Approval from the University of Canterbury Human Ethics Committee can be found in Appendix 1.1.

3.8 Confidentiality

All recordings of participants and subsequent transcriptions were kept confidential at all times. Appropriate measures were put in place for both the digital copies e.g. password protected folders, and hard copies e.g. stored in locked draws. All data both hard copies and digital was kept on campus at the University of Canterbury inside a key card accessed room. All transcriptions were labelled with codes so they are unable to be identified. This is in line with University of Canterbury guidelines and protects both the individuals and firms involved with the study. The only detail revealed was the nature of the relationship the firm has with South Africa e.g. exporter, joint venture, offices. Participants and firms were made aware of this before the interview process begun.

3.9 Chapter Summary

This chapter discusses the selected methods used in this research. The chapter begins with a description of the philosophical assumptions which structure this research. A social constructivist framework underpins this research which builds the following research objectives and methods selected. Following this the literature review and the research objectives were introduced and discussed. For data collection; in-depth, semi-structured interviews were selected as the most appropriate method. This was followed by a conventional content analysis approach to data analysis. Limitations and justifications for both methods were discussed. Finally, ethical and confidentiality considerations were discussed.

Chapter 4 – Results & Discussion

4.1 Introduction

This chapter presents the findings of the study. This chapter is divided into two separate sections. The first section focuses on the first two research objectives which were concerned with identifying differences in institutions between countries, how these differences impacted New Zealand firms and how these firms have planned or responded to the differences. The second section looks towards the future in an attempt to understand what changes in South African institutions New Zealand firms believe will happen in the next ten years and how they plan to respond to these changes. Within each section the results of the interviewees are presented and then discussed often bringing in context from the literature review. Concluding this chapter is the summary of the chapter.

4.2 Regulatory Institutions

The first set of institutions analysed were regulatory. From the literature review in Chapter Two, it was concluded that regulatory institutions vary across South Africa, and both positive and negative examples of regulation and regulatory institutions exist. Unsurprisingly, and reflecting the literature New Zealand firms had differing opinions on South African regulatory institutions. This was to a certain extent to be expected due to the variable nature of regulatory institutions over industries. This section will begin with a discussion surrounding regulation in general within the South African context, before looking more comprehensively at some specific examples and important themes. As will be discussed in the following paragraphs, there are some important differences when South African regulatory institutions are compared to New Zealand regulatory institutions. Furthermore,

these differences have impacted New Zealand firms that operate in South Africa and some have had to respond differently or plan accordingly.

Collectively there was limited agreement on how similar or different South African and New Zealand regulatory institutions are with some interviewees suggesting that they were similar, whereas others claimed that their experiences have been far different from what they would expect in New Zealand. However, to some degree this would be expected due to the diverse range of industries the participants came from, as well as the type of interaction with South Africa they have. For example, it is unsurprising that firms that export to South Africa and rely on their distributors or resellers emphasised their interaction with import regulatory institutions and regulation. Whereas, New Zealand firms with offices or facilities in South Africa were more likely to discuss regulatory institutions and regulation more relevant to them such as employment regulation. Because of these variations, this section will identify the broad industry and the interaction type the firm has with South Africa, to provide a complete picture.

Firstly, in all but two of the interviews, interviewees critically described the perceived inefficiencies they had experienced in South Africa in regard to regulatory institutions. This was for various reasons. However, the two main themes which emerged were lengthy time frames when dealing with these institutions and an excessive amount of bureaucracy. This contrasts with New Zealand firms' experience at home, and there were several strategies they utilised to work past this. A general example provided by an interviewee highlighted the issue:

The issue we face is one of massive inefficiency. So to get something done which might be considered simple and straight forward, you can have in order of magnitude ten times what it normally would expect you to take.

Significant time delays and the general amount of time needed to deal with regulatory institutions was one of the major themes which were drawn from the interviews. Interviewees who highlighted this theme were from a range of industries and were both exporters and had offices or facilities in South Africa. It is worth noting that for some firms, the time delays caused by regulation was the biggest difference between doing business in South Africa and New Zealand and subsequently impacted them the most. An example of extended timelines in regard to importing goods into South Africa provided by one interviewee:

It's difficult to export into South Africa. It's annoying so you often get goods held in customs and there is no urgency, so some guys will get on to releasing those goods when he sees fit.

Interestingly, one interviewee described how if there is a will for something to happen, then it will happen quickly, however, it is more likely to happen at its own pace. However, some New Zealand firms were optimistic about the situation. One interviewee did suggest that from a speed and efficiency perspective the regulatory institutions have been 'okay' to deal with and that while "they could have been a lot quicker, they are not as bad as they could have been either."

The second theme that was discussed was the increased levels of bureaucracy when dealing with regulatory institutions. Two of the interviewees in particular, specifically labelled the regulatory process within their industries as "overall bureaucratic" and "being a minefield full of red tape." A third described the situation as "a lot of regulatory hurdles put in place and a lot of bureaucracy and red tape to go through." However, it is important to note that most interviewees who identified the challenge of heightened bureaucracy in regulatory institutions, also disclaimed that this was only in their selected industry. One of the interviewees did conclude by stating that the level of regulation was not as rigorous or

bureaucratic as it once was. This could be seen as a positive thing for South Africa and New Zealand firms looking to enter this market.

This increased timeframe and heightened level of bureaucracy in South Africa was something that challenged some New Zealand firms. One interviewee suggested that while regulation in New Zealand seemed more bureaucratic, “you did at least know where you stood in the process.” For example, you would go through a planning exercise and more or less in New Zealand the project would be completed around the time predicated. However, in South Africa this would be a different story. Another interviewee claimed that while New Zealand could be seen as bureaucratic and becoming increasingly more so, New Zealand was “still not a patch on where South Africa is.” Interviewees conceded that there was little that they could do other than be aware that delays may occur when working with regulatory institutions. One final interviewee detailed their firms use of service providers whose role is simply to deal with the bureaucracy, for example, these providers would stand in queues until they are one from the front when they would ring up the firm and then a person from the firm could take over.

Following on from this discussion on regulatory institutions, in two interviews the competency of the regulatory institutions was briefly touched upon. In one case in where the firm operates within an extremely highly regulated industry, the interviewee claimed that in their opinion, leading figures within the regulatory institution did not possess the relevant skills or expertise. For this firm, this was one of the most concerning aspects of doing business in South Africa and was a challenge they had to work through. That said the New Zealand firm also acknowledged the regulatory institution had been very welcoming to them and the firm’s expertise in an effort to help both parties. For the other firm, they saw this as creating a difficult environment to do business in, however there was little they could do about the situation.

Specifically, interviewees who export directly into South Africa all identified import regulation as being challenging at various stages due to reasons such as extended time delays and heightened levels of bureaucracy. Additionally, two other interviewees with offices or facilities in South Africa noted similar experiences. One interviewee who identified as an exporter with a distributor within South Africa, described the situation whereby at times when sending the same product, “one day it gets through and the next day its held up for two or three weeks and they won’t tell you why.” Similarly, another interviewee with facilities in South Africa, described the frustration around goods being held up in customs and the limited reliability of these goods being released within a predicable timeframe:

So there is no reliability, or you can’t have a level of confidence around shipping something there and expecting it to be released within a twenty-four-hour time period as you would expect in New Zealand.

In response to the conditions of challenging import regulations, several New Zealand firms discussed how they managed these conditions. For one firm by deliberately establishing a relationship with a South African distributor rather than importing and distributing the products themselves, it has meant that they have been able to shield themselves from any major disruption. For them, as soon as the product is placed into the container it is not their problem. The only concern is that it may hold up the payments they receive, if the customer has not received the products they are unlikely to pay the distributor, who in turn will not pay the New Zealand based firm. However, as explained this also cuts into the distributors cash flow which means it is their problem as well, which motivates them to investigate and sort out any issues. They suggested that there was in reality very little they specifically they could do, especially in cases which required quick delivery. Another interviewee whose firm has facilities in South Africa stated that having those employees on the ground and a network of South African connections meant it was easier for them to deal with this scenario:

Yes, in that we can have local relationships with the customs controllers there as opposed to being just a foreign entity who ships into South Africa, so yeah it has had a benefit for us and it is only the occasional shipment that does get held up.

However, they noted this was not the primary reason for them to establish a facility there however, but they did note that it certainly was beneficial for them.

Corruption is an issue that was briefly discussed in Chapter Two as being present in South African regulatory institutions. While, many of the interviewees suggested that corruption was indeed an issue in South Africa, only a single firm had experienced any form of corruption or bribery within the organisational context. This interviewee suggested that it was just part of the business environment in South Africa at the moment. As stated no other firm reported any first-hand experience of corruption in South Africa. However, as mentioned in the limitations of this research, there may be other reasons why companies were reluctant to discuss corruption, such as protecting their image. Several interviewees suggested that as they were dealing with other large international firms within South Africa, the scope for this behaviour was non-existent. In contrast within the New Zealand setting, all the interviewees indicated there is very little if any at all corruption in New Zealand. One interviewee described their firms' experiences and opinions on corruption:

No we are lucky enough not to be approached and you know we have a firm company policy here that we won't be involved in corruption and bits and pieces. If we were involved, we would be prepared to walk away from the bit of business basically.

Another firm detailed how they took no more specific caution in regard to corruption in South Africa, than they do in other countries they operate in.

One extremely important aspect of conducting business within South Africa which was mentioned in many of the interviews but not discussed in Chapter Two is the Broad-Based Black Economic Empowerment (B-BBEE) legislation. In particular for New Zealand businesses with employees in South Africa, the B-BBEE is perhaps one of the biggest differences between the two countries. The B-BBEE has its roots in the 1994 election, the rise to power of the ANC and the introduction of the Black Economic Empowerment (BEE) original legislation and has the aim of redressing the consequences of the Apartheid (Ponte, Roberts & van Sittert, 2007). The B-BBEE has an extremely large impact on how business operates in South Africa including ownership, management and workforce. Unsurprisingly, the B-BBEE and its implementation has led to significant controversy within the country (Tangri & Southall, 2008) and poses challenges to New Zealand firms planning on establishing employees within South Africa.

One interviewee described the cultural struggle this regulation imposed:

I just think from a cultural point of view, it's quite hard to get your head around reading that piece of legislation, you know it's quite confronting when it says you've got to have this many people of this ethnicity, it's just a weird thing to read.

This is understandable as culturally it is challenging and is interesting to place in the context of Māori-European relationships. Furthermore, only two of the interviews conducted did not mention the B-BBEE which indicates the importance of this to New Zealand firms.

Interesting though this did include one firm with employees in South Africa. However, none seemed to see it as a massive issue which prevented them doing business in South Africa.

Conclusively all the interviewees completely understood and respected the decision of this piece of legislation but did have concerns surrounding its application. The biggest concern

which was voiced by two interviewees was when it came at the expense of good business practice, which both suggested made the prospect of doing business there challenging. A further two interviewees both identified the importance of the B-BBEE ranking was in regard to operating in the public sector and the difficulty it posed especially for bidding for government contracts.

Two interviewees described how they planned and responded to this difference. One interviewee described how they actively sought to do business with other firms which scored well on the B-BBEE ranking:

The guys that actually put their hands up and say let's work together, suddenly you will find doors open you'll get more tax breaks and other bits and pieces. So smart operators over there which our operators are with us working alongside them will realise that the more we work hand in hand with the Black Government the better off we all will be.

Rather than trying to work around it or not conforming with it, they complied with it and actively tried to take advantage of the situation. This is similar to the acquiesce strategy described by Oliver (1991) in Chapter Two. This strategy can obviously be beneficial for several reasons. Firstly, the firm is reaping the benefits of following the institutions but also it is not defying the institutions which may have a cost if it is not adhered to.

A contrasting strategy being considered by another interviewee is in relation to expanding the business. The B-BBEE is subject to different situations such as different industries and size of the firm. One way which they are classified is according to their annual turnover, with firms which generate less than R10 million classified as an Exempt Micro Enterprises (EME). While not completely free from any impact, there are further classifications within this depending on percentage of black ownership but belonging to this

classification has significantly less specifications which are not afforded to firms which have greater turnover. The interviewee explained how they purposefully kept the firm at a small size to avoid exceeding the threshold. The interviewee continued describing the problem they predicted they would have to face in the near future. With the firm's operation going well in South Africa and expansion planned both within South Africa as well as the African continent, the firm was faced with exceeding the EME revenue threshold meaning it would become classified as a Qualifying Small Enterprise (QSE). This would have significant impacts on the firm set up into the future including ownership, management, employment equality, skills development and others. Because of this, the interviewee suggested one strategy they were considering was setting up other facilities in other African states. This way they would avoid the South African facility exceeding the size threshold in the near future. However, the interviewee did concede that this strategy did have its disadvantages such as additional set up costs, double running costs and distance costs. Furthermore, the stability that South Africa provided and the effectiveness of the South African facility meant that opening in another country was not a desirable option. In conclusion, the interviewee claimed that it was odd that it "almost encourages you to not have people in South Africa but to put them in other places." When comparing it to the above strategy and to the categories provided by Oliver (1991) this can be classified as an 'avoid strategy' of which concealing, buffering or in this case escaping are listed as tactics.

Two further pieces of regulation which were raised by individual interviewees as important considerations for New Zealand firms is the transfer of money out of South Africa and new travel regulation. One interviewee described the challenge of transferring money out of South Africa:

To try and get the dividend out, we did have to go through a whole big approval process and I mean it took many weeks and we were told if we do

something slightly wrong then those funds could get frozen for an indefinite period of time.

For a positive outcome they worked extremely closely with their South African accountants and the banks. The second piece of important regulation was briefly mentioned in the literature review in Chapter Two in regard to new travel regulations between South Africa and New Zealand which now requires visas to be issued. While this does not seem like a major issue and interestingly only a single firm mentioned it. The interviewee did stress the inconvenience it was to have to travel to Auckland to get the visa before leaving for South Africa.

Yeah so you know our manager has been traveling there for a very long period of time, buys a train ticket, turns up to the airport and walks on the plane. Now we have to drive up to Auckland, sit through a massive rigmarole and get a visa, so it's quite ridiculous really.

A final interesting aspect that was raised in one of the interviewees, was how in South Africa, industry participants are often included in discussions such as bilateral agreements, free trade deals or international forums as partners. Even though these participants are not part of the delegation, they are at the table and have the opportunity to voice their opinions. The interviewee identified that this was not always the case in New Zealand and provided real benefits for everyone involved.

4.3 Judicial Institutions

The second key institution which this research examined was the judiciary in South Africa. Summarising the information presented in Chapter Two, the literature was clear that

South African judicial institutions were some of the strongest institutions in the country at the moment. This was evidenced in both the literature and the various indices analysed.

Similarly, New Zealand has a notably strong judicial system. Unsurprisingly, a limited number of New Zealand firms have had an interaction with South African judiciary.

However, the judiciary was discussed in interviews as positively contributing to the general business environment in South Africa. It was concluded that from a business perspective there were limited differences between the two countries and that this could be considered beneficial for New Zealand firms.

When comparing South Africa's judicial institutions with New Zealand's judicial institutions there are many similarities in its operation, characteristics, independence and its value and importance to its country's society. Furthermore, the interviewed firms could not identify any significant differences in judicial institutions which would impact them on conducting business in South Africa. Most interviewees suggested that both the South African judiciary and laws in South Africa were not significantly different to New Zealand. Of the two firms that have had an interaction with the South African judiciary, the first was when the firm was setting up its facilities in South Africa. The firm reported the only issue being with a longer than expected timeframe, however, everything was similar to what would be expected in New Zealand.

It took quite a long time. Not as bad as other countries including in Western Europe but yeah it was you know getting the company established, getting the directors, getting a bank account you know all those bits. It wasn't the hardest country to do it in, but I certainly say it wasn't the easiest. I would put it in the middle somewhere. I sort of expected it to be a little easier, but it wasn't.

The second firm described the judicial process as “more challenging than you would expect in New Zealand” and the amount of time and resources not proportionate to what you would expect to use in New Zealand. However, did go on to praise the judiciaries independence and functionality in South Africa. They suggested that in terms of planning for the judicial process, there was not a whole lot they could do but be extremely thorough and make things as easy as possible for everyone involved.

As identified, New Zealand has high judicial standards and a respectable judicial system. For a New Zealand firm whose experience is limited to dealing with New Zealand judicial conditions or perhaps with similar judicial condition in other common trading partners such as Australia, the United Kingdom or the United States of America, South Africa becomes an attractive market in terms of this institutional aspect. As discussed in the literature review, institutional distance, the differences between institutions amongst two countries (Kostova, 1999), is an extremely important aspect in doing business across national borders. As highlighted in the literature, often the larger the institutional distance between the countries the higher the potential for a negative outcome such as increased costs, wasted resources or breaking the law. From the results of this research the judicial systems in South Africa and New Zealand, while not by any means identical, do possess some similarities. Because of this it would be advantageous for New Zealand firms to look to South Africa as a place to do businesses rather than other places with significantly different judiciaries or judicial operating conditions.

While there were only two physical interactions with the judiciary, several of the interviews discussed the judiciary in South Africa and the role it played both in the business community and in South Africa generally. All of these interviewees claimed that the courts were “pretty good” in general and “very effective” in the role and did not have any concerns if in the future they had to be involved with them, though admitted they would rather not use

them at all if possible. Furthermore, one interviewee with employees in South Africa explained from what he had heard and seen, the court system was not noticeable slow, which does contrast with the interviewee above. One interviewee admitted that while there were negatives about South Africa, the judiciary was “one of the things looked on more positively.” This feeling of judicial strength and independence compared with other institutions in South Africa was something that was expressed in two other interviews. The independence and strength in South African judicial institutions was something that was discussed within the literature review in Chapter Two.

Finally, interviewees suggested that the appearance of the judiciary being strong and independent provided confidence and reassurance when doing business in South Africa. This was because they knew that even if something negative were to transpire they could rely upon the judiciary. Furthermore, firms operate in a way to minimise or remove risk. By having a judiciary which firms will believe is going to come to the right decision rather than one that is influenced by outside influence, the more likely a firm is going to consider operating in that environment. Consider a firm contemplating doing business in two different countries with the same level of risk, where one country has a solid judiciary whereas the other country has a judiciary which has a reputation of being corrupt. Logically, most firms would only consider the first option as the risks of operating in the second country is higher. Additionally, this confidence breeds more confidence as more firms view it is a low risk environment and see firms operating in this market, others are likely to consider entering as well.

4.4 Constitutional Institutions

The literature review in Chapter Two explained the important role of constitutional institutions in South Africa including the separation of power as well as investigating and recommending actions against those that have broken the Constitution. As discussed, these institutions are subject to much debate and while they have been seen to positively guard the Constitution, questions remain about their strength, independence and actual impact. Unsurprisingly, no New Zealand firm interviewed had any direct interaction with any constitutional institutions in South Africa. This is to be expected as if a firm had been involved with one of these institutions the reason for this interaction would unlikely be positive and the consequences or outcomes exceedingly negative. A topic that was discussed was the level of stability and the confidence these set of institutions both individually and collectively bring to South Africa and the business environment. This often sets it apart from other African nations.

Interviewees who had some knowledge of the constitutional institutions in South Africa all agreed that institutions such as the Public Protector were seen as providing stability and confidence for South Africa as a place to conduct business. With the knowledge that should an unconstitutional event occur, it was reassuring that action would be taken. Specifically, one interviewee described the Public Protector as “playing a massive role in the country generally” highlighting its importance within South Africa. The interviewee continued to describe specifically how the Public Protector, especially the predecessor to the current Public Protector was extremely vocal in cases such as the former president breaking the Constitution and putting together recommendations for the courts. This case was discussed in the literature review in Chapter Two. Finally one interviewee stated that: “You know the judicial system, to an extent is still very much alive and well. You know barring our ex-president you could probably say all is well in those areas.”

During many of the interviews, the political system in South Africa was raised. While the focus of this research was not on political systems, it is inevitable that it would be discussed as it is a vital institution in South Africa. Furthermore, as was discussed in Chapter Two, constitutional institutions articulate the separation of powers between the government and the other branches. This relationship between these two institutions has been undoubtedly strained historically and moving forward this relationship will be of significant importance. For example, this interaction is demonstrated by the current widely debated issue of land expropriation which will be discussed more in-depth in following paragraphs. The main part of this argument is whether the government has the power to expropriate land without compensation. One of the many discussion points of this topic is whether the ANC can do this without breaking the Constitution or whether the Constitution must be amended. Many interviewees saw this as an issue in South Africa which may have potential significant repercussions both for South Africa as well as for their firm. Whichever way this decision goes, it is likely to involve constitutional institutions at some stage.

As established, both South Africa and New Zealand have similar constitutional institutions which have a comparable place in each other's society. In a similar argument made in the section analysing judicial institutions, this is advantageous for New Zealand firms as they are operating in similar conditions with similar constitutional rights and behaviours as their home country. However, considering South Africa's recent history, it is reasonable to acknowledge that South African constitutional institutions play a much larger role in everyday life and are much more in the daily spotlight when compared to New Zealand constitutional institutions. This is both because of the South African Constitution which is extremely detailed in regard to human rights but also because of the past incidents involving these institutions. While it was not discussed by any of the interviewees, there is the chance that despite what the constitutional institutions articulate, whether it be about land

expropriation or anything else, the government or other groups may ignore the findings and recommendations in a similar way Jacob Zuma originally did in the example provided in Chapter Two. Obviously, this would have a significant impact on South Africa and the reputation these institutions enjoy. Whilst the responses to such an event were not discussed in any of the interviews, it would be conceivable that this would be such a major event and may result in New Zealand firms re-evaluating their interaction or investment in South Africa. However, most firms suggested that personal safety of staff would be their priority and that if that if the safety of their staff was to be threatened than this would signal their departure from the local market.

It was also identified that these constitutional institutions strongly contributed to what could be described as the institutional infrastructure in South Africa. South Africa as a place to do business in is well regarded as having good physical infrastructure such as transport systems when compared with the rest of Africa. This is often why it is considered one of the first-places multi-nationals set up facilities in Africa. Similarly, the institutional environment, in particular the aforementioned strong judicial institutions in addition to these constitutional institutions, combine to form a solid institutional infrastructure, which could be considered alongside physical infrastructure as the best in Africa. One interviewee concluded that he believed that the ‘package’ offered by South Arica currently was a good one

I think in terms of the package in terms of the constitution, the institutions in place and the leaders in South Africa currently, does give a lot of confidence and be a selling point right now.

4.5 South African Institutions in the Future

The final research objective of this thesis is to identify and understand any changes in these specific institutions which New Zealand firms believe may occur in the next ten years and to understand how New Zealand firms plan to respond to these changes. To understand this, New Zealand firms were asked a series of questions aimed at their opinions of the future of South Africa generally and the specific institutions, as well as what sort of plans they had made. The first paragraphs focus broadly on both institutional as well as other factors New Zealand firms consider as important in the next ten years, before looking in more detail at the specified institutions.

The first question posed on this topic was whether participants believed South Africa was a better place to do business currently than what it was ten/twenty years ago. This question drew mixed responses from the interviewees. Several interviewees described the timeline of initial euphoria of Nelson Mandela coming to power till around 2005/2008 as when things began to not look as good. Common themes include the volatility in South Africa at present, the continuation of corruption, as well as legislation and regulation such as the B-BBEE. It was themes such as these that led to these specific interviewees claiming South Africa was not as good as place to do business in. However, there were interviewees who raised other aspects which led them to believe that South Africa was in fact a better place to do business than it was ten/twenty years ago. Two interviewees identified that due to South Africa opening up to the world more and with it greater international experience, there has been greater opportunities for the country.

The following question focused on whether the interviewees believed South Africa as a place to do business would get better or worse over the next ten years. Interviewees' answers to this question were diverse but the majority were cautiously positive. Firstly, two interviewees suggested that they believed it would be harder to do business in South Africa in

the future. The first expressed concerns surrounding the current factionalism in South Africa which may lead to radicalism. The interviewee stated that:

I honestly think it will get harder to do business in South Africa, just because I think factionalism will create more problems than it will solve, so you know I think there is the danger it will become less stable.

They went on to suggest that it may also impact their customers in South Africa and subsequently their business. The second interviewee saw the land expropriation issue as directly affecting their industry in South Africa. Because of this both interviewees were concerned about their future, however, neither were considering the possibility of exiting the South African market in the near future. None of the firms interviewed were considering the possibility of exiting the South African market, and in fact many were looking at expanding their presence both in South Africa and the African continent. For example one interviewee stated: “No we are probably going to entrench ourselves a little bit more than relieve ourselves.”

Contrasting this, the rest of the interviews were cautiously optimistic, with the perhaps the most fitting statement coming from one of the interviewees: “it’s at a turning point right now and could go either way.” One interviewee placed their faith in the new president Cyril Ramaphosa and his plans, claiming that they were optimistic that Ramaphosa could pull his plans off. Another interviewee described the economic environment as “pretty buoyant but its tempered with the knowledge that at any time the rug could be pulled from under them.” Three interviewees were positive if the government could sort out issues such as corruption, incompetence and kickstart the economy. One highlighted that the road may not always be smooth and there may be periods when it got tougher but believed they were now on the right track.

It was clear during the interviewee process that since the election of the new president of South Africa, Cyril Ramaphosa, both the country as a whole as well as the business environment has begun to feel like they are both heading in a better direction. When the question was asked whether this was the case, majority of the interviewees claimed that the new president had increased confidence within the business community. One interviewee went as far as saying that it was the best thing that could have happened to South Africa. Another interviewee was optimistic of the situation but did caution that change could not happen overnight and there are still issues which need to be resolved. Importantly, it is clear in the rhetoric that Cyril Ramaphosa wants to focus on these institutions, for example, he has placed a significant emphasis on removing corruption throughout South Africa. It was clear in the literature review that many of the news agencies were reporting a similar satisfaction with the new president and an increased optimism that he has brought.

As described in Chapter Two, changes in institutions can occur over a long period of time for example, changes in culture. However, institutional change can also occur extremely rapidly over a period of days or even hours. Changes in institutions can have significant impacts on firm strategy, and planning for change is essential though at times limited. Logically, it is rapid, unsuspecting institutional change which has the potentially to damage a firm the most as the firm has little time to plan and respond. While institutional change which is larger may have more overall impact, if given enough time, a firm can plan and respond in a manner that minimises damage to the firm or maybe provides an opportunity for it to take advantage of the change. Because the concept of institutional change is an important factor strategic planning, the following paragraph will discuss New Zealand firm's opinion on the potential for rapid change in the South African context.

A series of questions were asked, regarding the potential for rapid institutional change in South Africa. The responses from the interviews were mixed with some viewing the

potential for rapid change as concerning, while others did not. Two interviewees pointed to the history of South Africa as being evidence of the limited concern they have in the future. They suggested obviously aside from the conclusion of the Apartheid and subsequent election in 1994. Which while they can be considered to be substantial change, there was however, a drawn-out process beginning in the 1990s which initiated the dismantling of the Apartheid. Nonetheless, both agreed that South Africa especially in the last twenty-five years has not been involved in any rapid change. Similarly, a third interviewee conceded that South Africa will change over the next ten to twenty years but didn't see rapid change as concerning. A further interviewee stated that they could not see it as an issue in their industry nor from a business perspective. However, two interviewees did see it as a potential issue into the future. Importantly both these were from firms with staff within South Africa. One described their concerns as operating with "the knowledge that at any time the rug could be pulled from under them." Both interviewees who saw the potential for rapid change as concerning said there was little specific they could do in terms of planning for such an event due to the ambiguous nature of it, but both claimed it was one of the main reasons for limiting their initial investment in the country.

Looking specifically at the selected institutions, much like South Africa's prospects, New Zealand firms were optimistic about these institutions in the future. Most interviewees identified regulatory institutions as likely to have the largest direct impact on their firm in the next ten years. Though some did concede if there were major break downs in constitutional or judicial institutions, for example, should interference in the judiciary occur on a large scale then this would be concerning from their business perspective. There were mixed responses from interviewees on how they believed regulatory institutions would change in the future. The majority suggested that as time went by the regulatory processes would become more time and resource efficient. This would be because of South Africa's continued experience

with international business but also from the desire to become a better place for foreign investment. As discussed in Chapter Two, the South African government has already introduced several new initiatives for this purpose. One interviewee was concerned about the potential for greater regulation in their industry in attempts to protect the local South African industry. They suggested that there was little they could do about this and would have to deal with it if it did eventuate. One interesting aspect brought up in an interviewee was the experience they have gained as a firm in dealing with South African regulation. As the firm considers expanding to other African nations, the lessons they have learnt in dealing with South African regulation, which they described as notably different to New Zealand in their industry, will be extremely useful moving forward into other African nations.

When considering judicial institutions, New Zealand firms expected little change and predicted them to continue to be the strong, independent institutions they have been in the past. This was much the same for constitutional institutions, though some believed they will have a much harder time in the future. This was due to their role of often opposing the government. Several interviewees stated that for South Africa to reach its potential, both its judiciary and constitutional institutions such as the Public Protector were vital in moving South Africa forward. It is important to note that much of this ability to remain free from influence does still remain at the hands of the ANC and the government. However, as mentioned above the leadership shown by Cyril Ramaphosa is at this stage looking extremely positive in regard to these institutions, for example, tackling corruption. The following example below provides an example of how these institutions in the future may be called upon and the impact they may have on New Zealand firms that operate in South Africa.

As has been discussed above the issue of land expropriation without compensation is an important issue within South Africa currently and one that has been identified as being one which will continue to cause debate into the future. Importantly for this thesis, there is the

implication that for this to succeed the Constitution will have to be amended. However, whether this is actually needed is debated with some viewing it as being workable without a change in the Constitution. Nonetheless, both constitutional institutions and judicial institutions will play a large role in whether this controversial policy goes ahead and if it does what repercussions will follow. This topic was mentioned by three of the interviewees that considered it to be an important issue that faced constitutional and judicial institutions into the future. One such interviewee described the situation as having the potential to understandably make people feel uneasy, however, did not believe that it should necessarily make people panic.

The Economist (2018a) in January described President Ramaphosa as “walking a tightrope between radicals in his own party and economic catastrophe.” Similar to neighbouring country Zimbabwe which itself possessed a large and vital agricultural industry, Zimbabwe went through a period of land reforms during the start of the new century. Unfortunately for Zimbabwe the outcomes of this were not always positive. Indeed, more land passed into the hands of coloured Zimbabweans as designed. However, the eventual consequences were severe with a downturn in agricultural production in terms of exports and ability to feed its own population as well as the wide-ranging aftereffects the policy had on the general economy. The fear is that this decision in South Africa will have similar effects as it did to Zimbabwe and was discussed in two interviews. The third interviewee made a direct reference to what happened in Zimbabwe:

I think there is going to be a lot of pain in that country over the next ten to twenty years, but I think they have looked over their borders, in particular north into Zimbabwe and were they saw Mugabe’s regime and what happened there.

No New Zealand firm had planned for this at this stage. The general consensus was the firms were going to wait and see what actually occurred. As described by one interviewee who didn't believe it would actually happen, they instead suggested that Cyril Ramaphosa was playing politics in an attempt to keep the more radical factions of the ANC and other parties happy. Nonetheless, whether land expropriation goes ahead or not there is no way of planning to what degree it will go to, the standard it will set for the future and finally the impact that it will have on both South Africa and the New Zealand firms.

Finally, it is worth noting that in terms of planning for specific changes in institutions as well as specific events in South Africa, there was the common theme of inability to plan long term. This was something that was expressed in many of the interviews for various different aspects. The most common theme in regard to planning was it was on a 'year by year basis' or 'playing it by ear' basis. One interviewee described the limited ability to plan in Africa:

You can't plan for anything really. You have to be aware of it and your awareness levels are heightened but you can't ultimately plan for eventualities because they are so many diverse possibilities. You'd spend your whole life as a tortured wreck rather than being positive and going about your day to day business.

Another interviewee stated that all you could do was monitor the situation and keep talking with customers and other important stakeholders.

It was noted in many of the interviews that New Zealand firms often had a relationship with a partner in South Africa. This obviously includes exporters who sold their products either through or to a distributor or reseller. However, also many of the firms which had facilities or offices in South Africa also were involved or had close interactions with

another local firm often in the same industry. It was discussed in a number of interviews that having partners or at least contacts in South Africa was vital for a number of reasons, such as helping the New Zealand firms monitor the market and provide up-to-date reports or assisting with local laws and regulation. Furthermore, firms suggested that a lot of background research should go into potential partners, due to the large presence of ‘fly-by-nighters’ that will attempt to take advantage. Despite the presence of untrustworthy entities in South Africa, one exporter described their distributor as their model distributor and wished all their international distributors were like them. A further interviewee claimed that this was how they found doing business in South Africa so easy, was because of these competent contacts on the ground.

4.6 Chapter Summary

The aim of this chapter was to present the findings of the qualitative interviews and discuss them collectively including adding context from the literature review. Firstly, the differences between regulatory, judicial and constitutional institutions were described. Following on from this, the impact these differences have upon New Zealand firms and how these firms planned or responded to these differences was discussed. The second section discussed what changes in these institutions New Zealand firms believed will occur in the next ten years and how they plan to respond to these changes.

New Zealand firms listed several differences in regulatory institutions which had impacted them conducting business in South Africa. This included dealing with longer than expected timeframes, increased levels of bureaucracy, concerns surrounding the competency of regulatory institutions, import regulation, corruption, B-BBEE legislation, the movement of money back to New Zealand and travel regulation. All of these differences impacted New

Zealand firms in some manner and various ways of planning or responding to these differences were discussed. New Zealand firms stated there were fewer differences between South Africa and New Zealand in regard to both judicial and constitutional institutions. They suggested that this meant they were operating in a comparable system with similar characteristics which was advantageous to them and made doing business easier in South Africa. Also discussed was the stability and confidence these institutions provided both to New Zealand firms as well as the business environment in South Africa.

In the second section of this chapter, any changes in these institutions in the next ten years were discussed followed by how New Zealand firms planned to respond to these changes. Generally, New Zealand firms are cautiously optimistic about the future of South Africa and its institutions. It was clear that the recent election of the new president of South Africa, Cyril Ramaphosa has had a positive impact on South Africa and the business environment. The topic of rapid institutional change was discussed with the conclusion that this was not an issue as institutional change was not likely to occur at a fast rate in South Africa. Many interviewees believed that regulatory institutions would get easier to deal, especially in regard to some of the issues mentioned above. This was already evidenced by the recent focus of South African Government initiatives to assist foreign investment with South African regulation. New Zealand firms believed that little would change in regard to judicial and constitutional institutions. This is despite the difficult roles they have in South Africa as well as the challenges they face in the near future, such as the issue of land expropriation without compensation. Finally, the inability to plan ahead for doing business in South Africa was discussed as well as the important role of partners or contacts on the ground.

Chapter 5 – Conclusion

5.1 Conclusion

The aim of this research was to understand the effects of institutional differences between South Africa and New Zealand and the impact they have on New Zealand firms that operate in South Africa. Addressing the calls for research that is more in-depth and focused on the context, this research aimed to bring a qualitative, real-life dimension to assessing these institutions. The first research objective was to identify the differences in regulatory, judicial and constitutional institutions between South Africa and New Zealand. As suggested in the literature, host country institutions are often unique compared with the home country institutions of multi-national firms and these differences need to be considered. Indices are commonly used in academia and industry to provide this analysis of differences. However, these indices are criticised for various reasons including lacking detail and ignoring country specific characteristics. The literature shows that these differences between institutions can have significant impacts on firm strategy. Therefore, the second research objective sought to understand how these differences impacted New Zealand firms and how these firms planned or responded to these differences. This provided a more practical element for firms considering conducting business in South Africa. The final research objective of this thesis focused on what future changes in South African institutions did New Zealand firms believe would happen in the next ten years and how they planned to respond to these changes.

The results of the research showed that there were various differences in regulatory institutions between South Africa and New Zealand such as extended timeframes when dealing with these institutions, increased levels of bureaucracy and B-BBEE legislation. It was found that these differences have impacted New Zealand firms that operate in South

Africa and they have had to introduce various ways of planning and responding to these differences in order to overcome them. Contrasting this, judicial and constitutional institutions were found to have similar characteristics. This meant there was considerably less impact on New Zealand firms as they were interacting with institutions which were similar to ones they were used to dealing with. Additionally, these institutions were found to provide stability and confidence to New Zealand firms which conduct business there.

The results of the final research objective showed that despite recent institutional challenges in South Africa, New Zealand firms are cautiously optimistic about these institutions as well as South Africa as a place to do business. Specifically, from their viewpoint New Zealand firms believed that differences in regulatory institutions would grow smaller, thus making it easier to do business in South Africa from their viewpoint. They also believed there would be little change in judicial and constitutional institutions though the potential for governmental interference was concerning.

5.2 Contributions

5.2.1 Contributions to academia

This research answers the calls of various scholars such as Marquis and Raynard (2015, p.321) for more studies using qualitative methods to capture the “richness and diversity of these institutional landscapes” and to get an “on the ground” understanding of how the firms develop and adapt their strategies to institutions. This contrasts with the regularly used measurements of institutions both in industry and in academia which are criticised for various reasons. Furthermore, current literature (Hoskisson et al., 2013; Orihuela, 2017; Urban & Hwindingwi, 2016) highlights the need for fine-grained notions of institutional context due to the varying degrees of institutional development across the world.

Kostova and Hult (2016) state that future research on the topic should include a more comprehensive and refined understanding of countries' contexts. Additionally, Shinkle and Kriauciunas (2010) appeal for a more detailed analysis of target countries being exported to provides an example of a more specific concern. This is important as exporting is one of the most common interactions between South Africa and New Zealand firms as well as often being the first step into the South African market.

The research also contributes to the concept of institutional change. Since the end of the Apartheid in 1993 South Africa has gone through a period of substantial institutional change. Following the abandonment of the Apartheid the institutional landscape in South Africa was drastically altered as would be expected after such a significant event. Succeeding this and up until the mid-2000s was a period of institutional strengthening and economic development. However, since the mid-2000s, the country has been through more challenging times with various internal political and economic issues as well as external events such as the Global Financial Crisis. As demonstrated in most of the international institutional rankings indices, South Africa is showing decline. Furthermore, contemporary commentators were often critical of Jacob Zuma and the ANC on themes such as corruption. However, with the recent election of Cyril Ramaphosa this again has changed the rhetoric coming out of the country

Importantly, management research has in general and in terms of institutions benefited from research into different continents such as Asia which have different cultures, values and norms (George, 2015; Zoogah et al, 2015). It is predicated that new research into places such as Africa will further expand knowledge due to the diverse nature of the African context and that for example, new practise and theories may emerge (George, 2015; Klingebiel & Stadler, 2015; Mol, Sadler & Ariño, 2017; Zoogah et al., 2015). This is the same for institution based-view (Peng in Boddewyn, 2014; Zoogah et al., 2015). It is

unsurprising to find that Africa is under researched in general (Luiz & Stewart, 2014; Mol et al., 2017; Wright et al., 2005) and in terms of institutions. This research will contribute to the appeals for more research in the African context both generally and in terms of institutions.

5.2.2 Contributions to industry

One of the aims of completing this research was to provide a set of data that could be used in industry. As stated in the introduction, this research hopes to increase the profile and interest in conducting business in South Africa for New Zealand firms in an attempt to inspire more business to be done there. As briefly mentioned in the introduction there are countless opportunities in South Africa and on the African continent for New Zealand firms.

Furthermore, despite not always receiving the best publicity, the economic and political reality of the continent is not always reflected accurately in the media's portrayal of Africa (Chen, Cui, Li & Rolfe, 2017; Mol et al., 2017). Similarly, the same can be said about South Africa, which itself has recently gone through its share of well documented issues. This thesis aims to provide an accurate picture of South Africa which may ease some of these fears.

New Zealand policymakers have recently committed to raising the level of exports to 40% of New Zealand's GDP by 2025 through a policy of internationalisation for non-exporters, stimulating current exporters and leveraging the 'New Zealand' brand (Kahiya, Dean & Heyl, 2014). Therefore New Zealand firms which are looking at going global or extending their global reach need to consider new markets, one of which is South Africa. In 2013 former foreign affairs minister Murray McCully admitted that relations with Africa were "pretty thin" and New Zealand was "looking to step up our relations with Africa" to take advantage of growing African economies and expanding middle classes (Fabricius, 2013). Additionally, South Africa under the new leadership of Cyril Ramaphosa has emphasised

increasing foreign investment and has established various up initiatives in an attempt to increase this. This kind of rhetoric from both New Zealand and South Africa shows that people are serious about developing this relationship as well as the opportunities it may provide in the future.

5.3 Limitations

There are several limitations of this research which need to be considered in regard to this research, furthermore the results and conclusions that are made need to be put in the context of these limitations. This section does not consider the limitations of the selected methods of semi-structured interviews and content analysis as they have already been discussed in their respective sections in Chapter Three.

The first limitation is in relation to the number of participants involved in this research. Due to the limited number of New Zealand based firms who have a significant enough relationship with South Africa, both the population size and sample size was small. The eventual sample size of this research was eight interviewees. As expressed in Bryman and Bell (2015, p.198) “increasing the size of a sample increases the ‘likely precision’ of a sample.” Unfortunately doing this in the case of this research was limited. It is also worth noting the relative difficulty of getting in contact with a suitable interviewee candidate, as the participants needed both an understanding of the strategic direction of the firm, as well as knowledge of the firm’s interaction with South Africa, this was challenging.

The second limitation is in regard to this research covering potentially sensitive topics. For any number of reasons, participants may have concealed the whole storey or part of the story, despite the confidential nature of this research. While it was communicated both orally at the commencement of the interview and within written communication such as

emails and the information sheet. It is conceivable that participants were not completely honest.

The third limitation of this research is the lack of physical interaction with judicial and constitutional institutions. While it is useful to acknowledge the lack of interaction with judicial and constitutional institutions as a positive, it is also conceivable that this research was limited in this regard.

The final limitation is the generalisability of results. While the research objectives are set out clearly to include only New Zealand firms, the opportunity for firms in other countries to use this data and conclusions may be conflicted if they are from a country that is not institutionally similar to New Zealand. As discussed throughout the literature the institutional environment between countries can be extremely diverse. This needs to be considered before applying the results of this research to other multi-national firms from different countries.

5.4 Future Research

With the conclusion of this research has come the realisation of the vast under-researched field this thesis sits within. This thesis has covered so many different aspects and went in unpredictable directions it is impossible to list every interesting potential topic that could stem from this research. However, there are some important future topics which should be considered. Firstly, future research should directly address one of the limitations of this study; the role of informal South African institutions. This would be extremely beneficial and alongside this research would provide a more complete picture. The literature on informal institutions clearly shows their importance to firms (Estrin & Prevezer, 2011; North, 1990),

therefore a corresponding project assessing these institutions would be recommended. The literature also shows the importance of informal institutions on the African continent (Bratton, 2007).

From a more practical viewpoint, analysis of recently established New Zealand firms in South Africa would be extremely beneficial both for industry but also for academia. During the research stage, several firms which had recently established themselves in the South African market were identified. As more firms begin to look to South Africa and Africa in the future and begin investigating the possibilities and practicalities of this market. Research which provides an analysis of these set-up experiences would be extremely valuable.

Finally, future research on the African continent is passionately advocated. As stated in the Chapter One; Africa as a place and the African business environment is under-researched and not fully understood (Luiz & Stewart, 2014; Mol et al., 2017; Wright et al., 2005). The possibilities are endless in contributing to theory or more practical elements of increasing trans-national trade. As demonstrated in the results, there are obvious similarities between South African and New Zealand institutions. However, other African nations do not possess similar or as good institutions especially in regard to constitutional and judicial institutions. Analysing a situation such as this, whereby the institutions are significantly different would be extremely interesting.

5.5. Chapter Summary

This chapter aimed to provide a conclusion to this thesis. This chapter begins with a summary of the results of the eight qualitative interviews. Following this the theoretical and academic contributions were discussed. The limitations of this research which need to be

considered in the context of the conclusion drawn were listed. Finally, exciting future research directions were highlighted.

Reference List

- Ahlstrom, D., & Bruton, G. (2006). Venture capital in emerging economies: networks and institutional change. *Entrepreneurship Theory and Practice*, 30(2), 299-320.
- Ahmadjian, C. (2016). Comparative institutional analysis and institutional complexity. *Journal of Management Studies*, 53(1), 12-27.
- Ahuja, G., & Yayavaram, S. (2011). Explaining influence rents: The case for an institution-based view of strategy. *Organization Science*, 22(6), 1631-1652.
- Ainslie, A., & Kepe, T. (2016). Understanding the resurgence of traditional authorities in post-apartheid South Africa. *Journal of Southern African Studies*, 42(1), 19-33.
- Ajide, K., & Raheem, I. (2016). Institutions-fdi nexus in ECOWAS countries. *Journal of African Business*, 17(3), 319-341.
- Alence, R. (2004). Political institutions and developmental governance in sub-Saharan Africa. *Journal of Modern African Studies*, 42(2), 163-187.
- Ali, B., & Krammer, S. (2016). The role of institutions in economic development. In B. Ali & M. Sami (Eds.), *Economic development in the Middle East and North Africa* (pp. 79-93). Houndmills, UK: Palgrave MacMillan.
- Allan, J. (1998). Why New Zealand doesn't need a written constitution. *Agenda*, 5(4), 487-494.
- Almodóvar, P., Saiz-Briones, J., & Silverman, B. (2014). Learning through foreign market participation: The relative benefits of exporting, importing and foreign direct investment. *Journal of Technology Transfer*, 39(6), 915-944.

- Alves, P., & Francisco, P. (2015). The impact of institutional environment on the capital structure of firms during recent financial crises. *The Quarterly Review of Economics and Finance*, 57, 129-146.
- Ando, N. (2011). The ownership structure of foreign subsidiaries and the effect of institutional distance: a case study of Japanese firms. *Asia Pacific Business Review*, 18(2), 259-274.
- Apaza, C. (2009). Measuring governance and corruption through the worldwide governance indicators: Critiques, responses, and ongoing scholarly discussion. *PS: Political Science and Politics*, 42(1), 139-143.
- Arndt, C., & Oman, C. (2006). *Uses and abuses of governance indicators*. Paris: OECD Publishing.
- Arruñada, B. (2007). Pitfalls to avoid when measuring institutions: Is Doing Business damaging business. *Journal of Comparative Economics*, 35(4), 729-747.
- Arslan, A., & Larimo, J. (2011). Greenfield investments or acquisitions: Impacts of institutional distance on establishment mode choice of multinational enterprises in emerging economies. *Journal of Global Marketing*, 24(4), 345-356.
- Asiedu, E. (2006). Foreign direct investment in Africa: The role of natural resources, market size, government policy, institutions and political instability. *World Economy*, 29(1), 63-77.
- Baldwin, R., Cave, M., & Lodge, M. (2011). *Understanding regulation: Theory, strategy, and practice*. Oxford: Oxford University Press.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-121.
- BBC. (2009, July 11). Obama speaks for hopes for Africa. *BBC*. Retrieved from <http://news.bbc.co.uk/2/hi/africa/8145762.stm>.

- Beall, J., Mkhize, S., & Vawda, S. (2005). Emergent democracy and 'resurgent' tradition: Institutions, chieftaincy and transition in KwaZulu-Natal. *Journal of South African Studies*, 31(4), 755-771.
- Beck, R. (2000). *The history of South Africa*. Westport, USA: Greenwood Press.
- Beckert, J. (2010). Institutional isomorphism revisited: Convergence and divergence in institutional change. *Sociological Theory* 28(2), 156-166.
- Bentley, K., Nathan, L., & Calland, R. (2013). *Falls the shadow: Between the promise and the reality of the South African Constitution*. Cape Town: University of Cape Town Press.
- Beredugo, A., & Viljoen, F. (2015). Towards a greater role and enhanced effectiveness of national Human Rights Commissions in advancing the domestic implementation of socio- economic rights: Nigeria, South Africa and Uganda as case studies. *The Comparative and International Law Journal of Southern Africa*, 48(3), 401-430.
- Berelson, B. (1952). *Content analysis in communication research*. Clencoe, USA: Free Press.
- Berg, B. (2007). *Qualitative research methods for the social sciences* (6th ed.). Boston: Pearson/Allyn & Bacon.
- Bernard, A., & Jensen, J. (2004). Why some firms export. *The Review of Economics and Statistics*, 86(2), 561-569.
- Bevan, A., Estrin, S., & Meyer, K. (2004). Foreign investment location and institutional development in transition economies. *International Business Review*, 13(1), 43-64.
- Bilchitz, D., & De Freitas, S. (2012). The right to freedom of religion in South Africa and related challenges. *South African Journal of Human Rights*, 28(2), 141-145.

- Booth, D. (2003). Hitting Apartheid for six? The politics of South African sports boycott. *Journal of Contemporary History*, 38(3), 477-493.
- Boulle, L., & Chella, J. (2014). Joining the BRICs: The case of South Africa. In V. Lo & M. Hiscock (Eds.), *The rise of the BRICS in the global political economy: Changing paradigms?* (pp. 99-122). Cheltenham, UK: Edward Elgar Publishing Limited.
- Bratton, M. (2007). Formal versus informal institutions in Africa. *Journal of Democracy*, 18(3), 96-110.
- Bräutigam, D., & Knack, S. (2004). Foreign aid, institutions, and governance in Sub-Saharan Africa. *Economic Development and Cultural Change*, 52(2), 255-285.
- Bremmer, I., & Spio-Garbrah, S. (2007). South Africa's troubled success story. *Survival*, 49(1), 7-14.
- Brière, S., Tremblay, M., & Daou, A. (2015). Challenges facing international projects for entrepreneurial development in South Africa. *Development Southern Africa*, 32(6), 711-725.
- Brouthers, K. (2002). Institutional, cultural and transaction cost influences on entry mode choice and performance. *Journal of International Business Studies*, 33(2), 203-221.
- Bryman, A., & Bell, E. (2015). *Business research method* (4th ed.). Oxford: Oxford University Press.
- Buchanan, J., Chai, D., & Deakin, S. (2014). Empirical analysis of legal institutions and institutional change: multiple-methods approaches and their application to corporate governance research. *Journal of Institutional Economics*, 10(1), 1-20.
- Burke, J. (2018, February 17). Ramaphosa set to purge cabinet of Zuma cronies in war on corruption. *The Guardian*. Retrieved from <https://www.theguardian.com/world/2018/feb/17/cyril-ramaphosa-purge-zuma-cronies-south-africa-corruption>.
- Butler, A. (2017). *Contemporary South Africa*. Basingstoke, UK: Palgrave.

- Campbell, J. (2004). *Institutional change and globalization*. New Jersey: Princeton University Press.
- Cao, L., & Pederzoli, D. (2013). International retailers' strategic responses to institutional environment of emerging market: Multiple case studies in China. *International Journal of Retail & Distribution Management*, 41(4), 289-310.
- Chakrabarty, S. (2009). The influence of national culture and institutional voids on family ownership of large firms: A country level empirical study. *Journal of International Management*, 15(1), 32-45.
- Chang, H. (2011). Institutions and economic development: theory, policy and history. *Journal of Institutional Economics*, 7(4), 473-498.
- Chao, M., & Kumar, V. (2010). The impact of institutional distance on the international diversity-performance relationship. *Journal of World Business*, 45(1), 93-103.
- Chauke, A. (2018, April 11). South Africa: Gauteng launches one-stop investors shop. *All Africa*. Retrieved from <http://allafrica.com/stories/201804120224.html>.
- Chen, R., Cui, L., Li, S., & Rolfe, R. (2017). Acquisition or greenfield entry into Africa? Responding to institutional dynamics in an emerging continent. *Global Strategy Journal*, 7(2), 212-230.
- Chidester, D. (1992). *Religions of South Africa*. Oxford: Routledge.
- CNBC Africa. (2017, November 24). eThekweni Municipality launches "Invest Durban" a one stop shop launched in Durban. *CNBC Africa*. Retrieved from <https://www.cnbc africa.com/videos/2017/11/24/invest-durban-one-stop-shop-launched-in-durban/>.
- Coertzen, P. (2014). Constitution, charter and religions in South Africa. *African Human Rights Law Journal*, 14(1), 126-141.

- Coeurderoy, R., & Murray, G. (2008). Regulatory environments and the location decision: Evidence from the early foreign market entries of new-technology-based-firms. *Journal of International Business Studies*, 39(4), 670-687.
- Cohen, D. (2014). A constitution at a crossroads: A conversation with the Chief Justice of the Constitutional Court of South Africa. *Northwestern Journal of International Human Rights*, 12(2), 132-151.
- Commander, S., & Nikoloski, Z. (2010). *Institutions and economic performance: What can be explained?* (Working Paper No. 121). Retrieved from <http://www.ebrd.com/downloads/research/economics/workingpapers/wp0121.pdf>.
- Commission for Gender Equality. (2017). *Commission for Gender Equality annual report 2016-2017*. Retrieved from <http://www.cge.org.za/annual-reports/>.
- Constitution of the Republic of South Africa. (1996). Retrieved from <http://www.gov.za/documents/constitution/chapter-1-founding-provisions>.
- Cornes, R. (2013). A point of stability in the life of the nation: The Office of Chief Justice of New Zealand Supreme Court Judge, Judicial Branch Leader, and constitutional guardian and statesperson. *New Zealand Law Review*, 4, 549-584.
- Creswell, J. (2014). *Research design qualitative, quantitative and mixed methods approaches*. California: Sage Publications.
- Creswell, J., & Poth, C. (2018). *Qualitative inquiry & research design choosing among five approaches* (4th ed.). California: Sage Publications.
- Crotty, M. (1998). *The foundations of social research: Meaning and perspective in the research process*. St Leonards, Australia: Sage Publications.

- Cruz, L., Boehe, D., & Ogasavara, M. (2015). CSR-based differentiation strategy of export firms from developing countries: An exploratory study of the strategy tripod. *Business & Society*, 54(6), 726-761.
- Cuervo-Cazurra, A. (2006). Who cares about corruption? *Journal of International Business Studies*, 37(6), 807-822.
- Cuervo-Cazurra, A., & Genc, M. (2008). Transforming disadvantages into advantages: Developing-country mnes in the least developed countries. *Journal of International Business Studies*, 39(6), 957-979.
- Dacin, M., Goodstein, J., & Scott, W. (2002). Institutional theory and institutional change: Introduction to the special research forum. *Academy of Management Journal*, 45(1), 45-57.
- Davenport, T., & Saunders, C. (2000). *South Africa: A modern history* (5th ed.). Hampshire: MacMillan Press Ltd.
- Davis, K., & Kruse, M. (2007). Takin the measure of law: The case of the Doing Business project. *Law & Social Inquiry*, 32(4), 1095-1119.
- Davis, P., Desai, A., & Francis, J. (2000). Mode of international entry: An isomorphism perspective. *Journal of International Business Studies*, 31(2), 239-258.
- De Jong, G., & Van Wittleloostuijn, A. (2015). Regulatory red tape and private firm performance. *Public Administration*, 93(1), 34-51.
- Denzin, N., & Lincoln, Y. (2011). Preface. In N. Denzin & Y. Lincoln (Eds.), *The Sage Handbook of Qualitative Research* (4th ed., pp. 1-20). California: Sage Publications.
- Department of Home Affairs, Republic of South Africa. (2016). *Statement by Minister Gigaba at the media briefing on the withdrawal of visa free travel arrangements for New Zealand passport*

holders [Press release]. Retrieved from <http://www.dha.gov.za/index.php/statements-speeches/914-statement-by-minister-gigaba-at-the-media-briefing-on-the-withdrawal-of-visa-free-travel-arrangements-for-new-zealand-passport-holders>.

De Vos, P. (2012). Balancing independence and accountability: The role of Chapter 9 institutions in South Africa's constitutional democracy. In D. Chirwa & L. Nijzink (Eds.), *Accountable government in Africa: Perspectives from public law and political studies* (pp. 160-177). Tokyo: United Nations University Press.

DiCicco-Bloom, B., & Crabtree, B. (2006). The qualitative research interview. *Medical Education*, 40(4), 31-321.

DiMaggio, P., & Powell, W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48(2), 147-160.

DiMaggio, P., & Powell, W. (1991). *The new institutionalism in organizational analysis*. Chicago: University of Chicago Press.

Doh, J., Rodrigues, S., Saka-Helmhout, A., & Makhija, M. (2017). International business responses to institutional voids. *Journal of International Business Studies*, 48(3), 293-307.

Drimie, S., & Ruysenaar, S. (2010). The Integrated Food Security Strategy of South Africa: An institutional perspective. *Agrekon*, 49(3), 316-337.

Du, J., Lu, Y., & Tao, Z. (2008). Economic institutions and fdi location choice: Evidence from US multinationals in China. *Journal of Comparative Economics*, 36(3), 412-429.

Du, Y. (2009). *Institutional distance and location choice of multinational enterprises* (Master's thesis). Singapore Management University, Singapore. Retrieved from

<https://search.proquest.com/openview/a28518227c0d2af1f37ee38247261166/1?pq-origsite=gscholar&cbl=18750&diss=y>.

du Toit, P., Swart, C., & Teuteberg, S. (2016). *South Africa and the case for renegotiating the peace*. Stellenbosch, South Africa: SUN MeDIA Stellenbosch.

Dugard, J. (2007). Judging the judges: Towards an appropriate role for the judiciary in South Africa's transformation. *Leiden Journal of International Law*, 20(4), 965-981.

Ebadolahi, M. (2008). Using structural interdicts and the South African Human Rights Commission to achieve judicial enforcement of economic and social rights in South Africa. *New York University of Law Review*, 83(5), 1565-1606.

Erasmus, H. (1990). The interaction of substantive and procedural law: The Southern African experience in historical and comparative perspective. *Stellenbosch Law Review*, 1, 348-371.

Estrin, S., Ionascu, D., & Meyer, K. (2007). *Formal and informal institutional distance, and international entry strategies* (Working Paper No. 728). Retrieved from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=665110.

Estrin, S., & Prevezer, M. (2011). The role of informal institutions in corporate governance: Brazil, Russia, India and China compared. *Asia Pacific Journal of Management*, 28(1), 41-67.

Fabricius, P. (2013, May 5). Kiwi minister tests the water in Africa New Zealand eyes Africa's potential and agricultural resources for mutual benefit. *The Sunday Independent*.

Findlay, S., & Twine, W. (2018). Chiefs in a democracy: A case study of the 'new' systems of regulating firewood harvesting in post-apartheid South Africa. *Land* 7(1), 1-21.

Fingeld-Connett, D. (2014). Use of content analysis to conduct knowledge-building and theory-generating qualitative systematic reviews. *Qualitative Research*, 14(3), 341-352.

- Fitzpatrick, R., & Boulton, M. (1994). Qualitative methods for assessing health care. *Quality in Health Care*, 3(2), 107-113.
- Franklin, R., & Boulton, M. (1994). Qualitative methods for assessing health care. *Quality in Health Care*, 3(2), 107-113.
- Frericks, P., Höppner, J., & Och, R. (2017). The difficulty of measuring institutions: A methodological approach to the comparative analysis of institutions. *Social Indicators Research*, 137(3), 847-895.
- Fukuyama, F. (2013). What is governance? *Governance*, 26(3), 347-368.
- Gandhi, J., & Ruiz-Rufino, R. (2015). *Routledge handbook for comparative political institutions*. Oxon: Routledge.
- Gastanaga, V., Nugent, J., & Pashamova, B. (1998). Host county reforms and fdi inflows: How much difference do they make? *World Development*, 26(7), 1299-1314.
- Garrido, E., Gomez, J., Maicas, J., & Orcos, R. (2014). The institution-based view of strategy: How to measure it. *Business Research Quarterly*, 17(2), 82-101.
- Gao, G., Murray, J., Kotabe, M., & Lu, J. (2010). A “strategy tripod” perspective on export behaviours: Evidence from domestic and foreign firms based in an emerging economy. *Journal of International Business Studies*, 41(3), 377-396.
- Ge, J., Stanley, L., Eddleston, K., & Kellermanns, F. (2017). Institutional deterioration and entrepreneurial investment: The role of political connections. *Journal of Business Venturing*, 32(4), 405-419.
- George, G. (2015). Expanding context to redefine theories: Africa in management research. *Management and Organization Review*, 11(1), 5-10.

- Georgieva, D., Jandik, T., & Lee, W. The impact of laws, regulations, and culture on cross-border joint ventures. *Journal of International Financial Markets, Institutions and Money*, 22(4), 774-795.
- Ghosal, V. (2014). *Reforming rules and regulations: Laws, institutions, and implementation*. Massachusetts: MIT Press.
- Glaeser, E., La Porta, R., Lopez-De-Silanes, F., & Shleifer, A. (2004). Do institutions cause growth? *Journal of Economic Growth*, 9(3), 271-303.
- Globerman, S., & Shapiro, D. (2002). Global foreign direct investment flows: The role of governance infrastructure. *World Development*, 30(11), 1899-1919.
- Govender, S. (2017, November 18). Zuma launches “one stop shop” to facilitate foreign investment. *The Times*. Retrieved from <https://www.timeslive.co.za/politics/2017-11-18-zuma-launches-one-stop-shop-to-facilitate-foreign-investment/>.
- Graneheim, U., Lindgren, B., Lundman, B. (2017). Methodological challenges in qualitative content analysis: A Discussion paper. *Nurse Education Today*, 56, 29-34.
- Greenwood, R., & Hinings, C. (1996). Understanding radical organizational change: Bringing together the old and the new institutionalism. *The Academy of Management Review*, 21(4), 1022-1054.
- Guba, E. (1990). *The paradigm dialog*. California: Sage Publications.
- Guerras-Martín, L., Madhok, A., Montoro-Sánchez, Á. (2014). The evolution of strategic management research: Recent trends and current directions. *Business Research Quarterly*, 17(2), 69-76.

- Gumede, W. (2015). Marikana: A crisis of legitimacy in the institutions that form the foundations of South Africa's 1994 post-apartheid political settlement. *Social Dynamics*, 41(2), 327-343.
- Gwenhamo, F., Fedderke, J., & de Kadt, R. (2008). *Measuring institutions: The Zimbabwean case* (Working Paper No.112). Retrieved from https://econrsa.org/papers/w_papers/wp112.pdf.
- Hadjikhani, A. (1997). A note on the criticisms against the internationalization process model. *MIR: Management International Review*, 37(2), 43-66.
- Hall, P., & Taylor, R. (1996). Political science and the three new institutionalisms. *Political Studies*, 44(1), 936-957.
- Hamann, R. (2004). Corporate social responsibility, partnerships, and institutional change: The case of mining companies in South Africa. *Natural Resources Forum*, 28(4), 278-290.
- Han, L., & Yang, Z. (2016). Influences of institutional pressures on corporate social performance: Empirical analysis on the panel data of Chinese power generation enterprise. *Chinese Business Review*, 15(8), 361-378.
- Harris, J., Cooper, D., Strebel, A., & Colvin, J. (2014). Conscientious objection and its impact on abortion service provision in South Africa: a qualitative study. *Reproductive Health*, 11(16), 1-7.
- Hart, C. (1998). *Doing a literature review: Releasing the social science research imagination*. London: Sage Publications.
- Hartwell, C. (2013). Institutional deterioration in transition economies: Playing follow-the-leader during the global financial crisis? *Transition Studies Review*, 20(2), 131-147.

- Harzing, A., & Pudelko, M. (2016). Do we need to distance ourselves from the distance concept? Why home and host country context might matter more than (cultural) distance. *Management International Review*, 56(1), 1-34.
- Hauck, M., & Sweijid, N. (1999). A case study of abalone poaching in South Africa and its impact on fisheries management. *ICES Journal of Marine Science*, 56(6), 1024-1032.
- Helpman, E., Melitz, M., & Yeaple, S. (2004). Export versus fdi with heterogeneous firms. *American Economic Review*, 94(1), 300-316.
- Henisz, W. (2000). The institutional environment for multinational investment. *Oxford University Press*, 16(2), 334-364.
- Henn, M., Weinstein, M., & Foard, N. (2005). *A short introduction to social research*. London: SAGE Publications Ltd.
- Heydemann, S. (2000). *War, institutions, and social change in the Middle East*. Los Angeles: University of California Press.
- Hitt, M., Li, H., & Worthington, W. (2005). Emerging markets as learning laboratories: Learning behaviours of local firms and foreign entrants in different institutional contexts. *Management and Organization Review*, 1(3), 353-380.
- Hlophe, J. (1995). The role of judges in a transformed South Africa – problems, challenges and prospects. *Journal of African Law*, 122(1), 22-31.
- Hodgson, G. (2006). What are institutions? *Journal of Economic Issues*, 40(1), 1-25.
- Hodgson, T. (2018). The mysteriously appearing and disappearing doctrine of separation of powers: toward a distinctly South Africa doctrine for a more radically transformative constitution. *South African Journal on Human Rights*, 34(1), 57-90.

- Holburn, G., & Zelner, B. (2010). Political capabilities, policy risk, and international investment strategy: Evidence from the global electric power generation industry. *Strategic Management Journal*, 31(12), 1290-1315.
- Holmes, R., Miller, T., Hitt, M., & Salmador, P. (2011). The interrelationships among informal institutions, formal institutions, and inward foreign direct investment. *Journal of Management*, 39(2), 531-566.
- Holsti, O. (1969). *Content analysis for the social sciences and humanities*. Reading, USA: Addison-Wesley Publishing.
- Hoskisson, R., Eden, L., Lau, C., & Wright, M. (2000). Strategy in emerging economies. *The Academy of Management Journal*, 43(3), 249-267.
- Hoskisson, R., Wright, M., Filatochev, I., & Peng, M. (2013). Emerging multinationals form mid-range economies: The influence if institutions and factor markets. *Journal of Management Studies*, 50(7), 1295-1321.
- HSBC. (2017). *Expat explorer survey*. Retrieved from <https://www.expatexplorer.hsbc.com/survey/country/south-africa>.
- Hsieh, H., & Shannon, S. (2005). Three approaches to qualitative content analysis. *Qualitative Health Research*, 15(9), 1277-1288.
- Hunt, R., & Ortiz-Hunt, L. (2016). *Deinstitutionalization through business model evolution: Women entrepreneurs in the Middle East and North Africa* (Working Paper No. 2017-06). Retrieved from <https://econpapers.repec.org/paper/mnswpaper/wp201706.htm>.
- Ingram, P., & Silverman, B. (2000). Introduction. In P. Ingram and B. Silverman (Eds.), *The new institutionalism in strategic management* (pp. 1-30). Amsterdam: Elsevier.

- Inkpen, A., & Beamish, P. (1997). Knowledge, bargaining power, and the instability of international joint ventures. *The Academy of Management Review*, 22(1), 177-202.
- Insch, G., Moore, J., & Murphy, L. (1997). Content analysis in leadership research: Examples, procedures, and suggestions for future use. *Leadership Quarterly*, 8(1), 1-25.
- IOL. (2018a, May 19). Ramaphosa urges companies to employ and develop youth. *Independent Media*. Retrieved from <https://www.iol.co.za/news/politics/ramaphosa-urges-companies-to-employ-and-develop-youth-15059958>.
- IOL. (2018b, May 2). First India-South Africa business summit concludes. *Independent Media*. Retrieved from <https://www.iol.co.za/pretoria-news/first-india-south-africa-business-summit-concludes-14739714>.
- Ionascu, D., Meyer, K., & Estrin, S. (2004). *Institutional distance and international business strategies in emerging countries*. (Working Paper No. 728). Retrieved from <https://deepblue.lib.umich.edu/bitstream/handle/2027.42/40114/wp728.pdf>.
- Ishiyama, J. & Laoye, O. (2016). Do truth commissions promote trust in the judiciary in African states? *Journal of Asian and African Studies*, 51(5), 528-544.
- Jackson, G., & Deeg, R. (2008). Comparing capitalisms: Understanding institutional diversity and its implications for international business. *Journal of International Business Studies*, 39(4), 540-561.
- Jara, M. (2013). Custom and constitutional rights: An impossible dialogue? In K. Bentley, L. Nathan & R. Calland (Eds.), *Falls the shadow: Between the promise and the reality of the South African Constitution* (pp. 76-102). Cape Town: University of Cape Town Press.

- Jepperson, R. (1991). Institutions, institutional effects, and institutionalism. In P. DiMaggio & W. Powell (Eds.), *The new institutionalism in organizational analysis* (pp. 143-163). Chicago: The University of Chicago Press.
- John, T. (2018, February 15). Who is Cyril Ramaphosa, the man being called South Africa's 'President in Waiting'? *Time*. Retrieved from <http://time.com/5144357/cyril-ramaphosa-south-africa-president/>.
- Johnson, J., & Rowlands, T. (2014). The interpersonal dynamics of in-depth interviewing. In J. Gubrium, J. Holstein, A. Marvasti & K. McKinney (Eds.), *The SAGE handbook of interview research: The complexity of the craft* (pp. 99-111). California: Sage Publications.
- Johanson, J., & Vahlne, J. (1977). The internationalization process of the firm – a model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, 8(1), 23-32.
- Johanson, M., & Kao, P. (2015). Emerging market entry and institutional change – three Swedish manufacturing firms in China between 1980 and 2010. *Management & Organizational History*, 10(2), 189-208.
- Kahiya, E., Dean, D., & Heyl, J. (2014). Export barriers in a changing institutional environment: A quasi-longitudinal study of New Zealand's manufacturing exporters. *Journal of International Entrepreneurship*, 12(4), 331-364.
- Kamoche, K., & Harvey, M. (2006). Knowledge Diffusion in the African Context: An Institutional Theory Perspective. *Thunderbird International Business Review*, 48(2), 157-181.
- Karra, N., Phillips, N., & Tracey, P. (2008). Building the born global firm developing entrepreneurial capabilities for international new venture success. *Long Range Planning*, 41(4), 440-458.

- Kassarjian, H. (1977). Content analysis in consumer research. *Journal of Consumer Research*, 4(1), 8-18.
- Katuu, S., & van der Walt, T. (2016). Assessing the legislative and regulatory framework supporting the management of records in South Africa's public health sector. *South African Journal of Information Management*, 18(1), 1-7.
- Kaufmann, D., Kraay, A., & Mastruzzi, M. (2010). Response to 'What do the Worldwide Governance Indicators Measures?'. *European Journal of Development Research*, 22(1), 55-58.
- Kaufmann, D., Kraay, A., & Mastruzzi, M. (2011). The worldwide governance indicators: methodology and analytical issues. *Hague Journal on the Rule of Law*, 3(2), 220-246.
- Kelbrick, R. (2010). *Civil procedure in South Africa*. Alphen aan den Rijn, Netherlands: Kluwer Law International.
- Kende, M. (2003). The South African Constitutional Court's embrace of socio-economic rights: A comparative perspective. *Chapman Law Review*, 6(1), 137-160.
- Khanna, T., & Palepu, K. (1997). Why focused strategies may be wrong for emerging markets. *Harvard Business Review*, 75(4), 41-51.
- Khanna, T., & Palepu, K. (2010). *Winning in emerging markets: A road map for strategy and execution*. Boston: Harvard Business Press.
- Kilishi, A., Mobolaji, H., Yaru, M., & Yakubu, A. (2013). Institutions and economic performance in Sub-Saharan Africa: A dynamic panel data analysis. *Journal of African Development*, 15(2), 91-120.

- Kirkland, T., Hunter, L., Twine, W. (2007). "The bush is no more": Insights on institutional change and natural resource availability in rural South Africa. *Society & Natural Resource*, 20(4), 337-350.
- Klingebiel, R., & Stadler, C. (2015). Opportunities and challenges for empirical strategy research in Africa. *Africa Journal of Management*, 1(2), 194-200.
- Klug, H. (2015). Accountability and the role of independent constitutional institutions in South Africa's post-Apartheid constitutions. *New York School of Law Review*, 60, 153-180.
- Koelble, T., & Li Puma, E. (2011). Traditional leaders and the culture of governance in South Africa. *Governance*, 24(1), 5-29.
- Koenane, M. (2018). The role and significance of traditional leadership in the governance of modern democratic South Africa. *Africa Review*, 10(1), 58-71.
- Kondra, A., & Hinings, C. (1998). Organizational diversity and change in institutional theory. *Organization Studies*, 19(5), 743-767.
- Kondracki, N., Wellman, N., & Amundson, D. (2002). Content analysis: Review of methods and their applications in nutrition education. *Journal of Nutrition Education and Behaviour*, 34(4), 224-230.
- Kostova, T. (1999). Transnational transfer of strategic organizational practices: A contextual perspective. *The Academy of Management Review*, 24(2), 308-324.
- Kostova, T., & Hult, G. (2016). Meyer and Peng's 2005 article as a foundation for expanded and refined international business research agenda: Context, organisations, and theories. *Journal of International Business Studies*, 47(1), 23-32.

- Kostova, T., & Zaheer, S. (1999). Organizational legitimacy under conditions of complexity: *The case of the multinational enterprise. The Academy of Management Review*, 24(1), 64-81.
- Krippendorff, K. (1980). *Content analysis an introduction to its methodology* (3rd ed.). California: Sage Publications.
- Krippendorff, K. (2012). *Content analysis: An introduction to its methodology*. California: Sage Publications.
- Kumar, R., Stauvermann, P., Loganathan, N., & Kumar, R. (2015). Exploring the role of energy, trade and financial development in explaining economic growth in South Africa: A revisit. *Renewable and Sustainable Energy Reviews*, 52, 1300-1311.
- Kuperus, T. (2011). The political role and democratic contribution of churches in Post-Apartheid South Africa. *Journal of Church and State*, 53(2), 278-306.
- Kurtz, M., & Schrank, A. (2007). Growth and governance: Models, measures, and mechanisms. *The Journal of Politics*, 69(2), 538-55.
- Kvale, S. (2007). *Doing interviews*. London: Sage Publications.
- Lall, S. (2001). Competitiveness indices and developing countries: An economic evaluation of the Global Competitiveness Report. *World Development*, 29(9), 1501-1525.
- Landau, D. (2010). Political institutions and judicial role in comparative constitutional law. *Harvard International Law Review*, 51(2), 319-377.
- Lane, J., & Errson, S. (2002). *The new institutional politics: Outcomes and consequences*. Oxon: Routledge.
- Lanerolle, I. (2011). Convergence and regulation in South Africa: In search of a new public interest paradigm. *Info*, 13(3), 47-63.

- Legard, R., Keegan, J., & Ward, K. (2014). In-depth interviews. In J. Ritchie & J. Lewis (Eds.), *Qualitative research practice. A guide for social science students and researchers* (pp. 138-169). London: Sage Publications.
- Lincoln, Y., Lynham, S., & Guba, E. (2011). Paradigmatic controversies, contradictions, and emerging confluences, revisited. In N. Denzin & Y. Lincoln (Eds.), *The Sage handbook of qualitative research* (4th ed., pp. 97-128). California: Sage Publications.
- Liou, R., & Rao-Nicholson, R. (2017). Out of Africa: The role of institutional distance and host-home colonial tie in South African firm's post-acquisition performance in developed economies. *International Business Review*, 26(6), 1184-1195.
- LiPuma, J., Newbert, S., & Doh, J. (2013). The effect of institutional quality on firm export performance in emerging economies: a contingency model of firm age and size. *Small Business Economics*, 40(4), 817-841.
- Loomis, T. (2016). *Petroleum development and environmental conflict in Aotearoa New Zealand: Texas of the South Pacific*. Maryland, United States of America: Lexington Books.
- Lu, J., & Beamish, P. (2006). SME internationalization and performance: Growth vs. profitability. *Journal of International Entrepreneurship*, 4(1), 27-48.
- Lu, Y., Hu, S., Liang, Q., Lin, D., & Peng, C. (2013). Exit, voice and loyalty as firm strategic responses to institutional pressures: A comparative case study of Google and Baidu in mainland China. *Chinese Management Studies*, 7(3), 419-446.
- Lucke, N., & Eichler, S. (2016). Foreign direct investments: the role of institutional and cultural determinants. *Applied Economics*, 48(11), 935-956.

- Luiz, J., & Ruplal, M. (2013). Foreign direct investment, institutional voids, and the internationalization of mining companies into Africa. *Emerging Markets Finance & Trade*, 49(4), 113-129.
- Luiz, J., & Stewart, C. (2014). Corruption, South African multinational enterprises and institutions in Africa. *Journal of Business Ethics*, 124(3), 383-398.
- Luiz, J., Stringfellow, D., & Jefthas, A. (2017). Institutional complementary and substitution as an internationalization strategy: The emergence of an African multinational giant. *Global Strategy Journal*, 7(1), 83-103.
- Luo, Y. (2001). Toward a cooperative view of MNC-Host government relations: Building blocks and performance implications. *Journal of International Business Studies*, 32(3), 401-419.
- Mackenzie, N., & Knipe, S. (2006). Research dilemmas: Paradigms, methods and methodology. *Issues In Educational Research*, 16(2), 193-205.
- Madiga, M. (2016, July 22). Getting to know the institution of traditional leadership. *Cooperative Governance Traditional Affairs*. Retrieved from <http://www.cogta.gov.za/?p=806>.
- Mahoney, J., & Thelen, K. A. 2010. A theory of gradual institutional change. In J. Mahoney & K. Thelen (Eds.), *Explaining institutional change ambiguity, agency, and power* (pp. 1–37). Cambridge: Cambridge University Press
- Mair, J., & Marti, I. (2009). Entrepreneurship in and around institutional voids: A case study from Bangladesh. *Journal of Business Venturing*, 24(5), 419-435.
- Malherbe, R. (2011). The background and contents of the proposed South African Charter of Religious Rights and Freedoms. *Brigham Young University Law Review*, 3(3), 613-636.

- Mangu, X. (2012). Rethinking Africa's political economy: An institutionalist perspective on South Africa. *Development*, 55(4), 477-483.
- March, J., & Olsen, J. (1984). The new institutionalism: Organizational factors in political life. *The American Political Science Review*, 48(3), 734-749.
- Maredza, A., & Ikhude, S. (2013). Measuring the impact of the Global Financial Crisis on efficiency and productivity in the banking system in South Africa. *Mediterranean Journal of Social Science*, 4(6), 553-558.
- Margruder, J. (2012). High unemployment yet few small firms: The role of centralized bargaining in South Africa. *American Economic Journal: Applied Economics*, 4(3), 138-166.
- Marinescu, C. (2013). Institutional quality of the business environment: Some European practices in a comparative analysis. *Amfiteatru Economic*, 15(33), 270-287.
- Marquis, C., & Raynard, M. (2015). Institutional strategies in emerging markets. *The Academy of Management Annals*, 9(1), 291-335.
- Mattes, R. (2002). South Africa: Democracy without the people? *Journal of Democracy*, 13(1), 22-36.
- Maxwell, J. (2012). *Qualitative research design: An interactive approach*. California: Sage Publications.
- Mbatha, A., & Cohen, M. (2018, April 17). Ramaphosa vows to 'hunt' \$100 billion in South Africa investment. *Bloomberg*. Retrieved from <https://www.bloomberg.com/news/articles/2018-04-16/ramaphosa-vows-to-hunt-100-billion-in-south-africa-investment>.

- Mbiada, C. (2017). The public protector as a mechanism of political accountability: The extent of its contribution to the realisation of the right to access adequate housing in South Africa. *Potchefstroom Electronic Law Journal*, 20, 1-34.
- McCully, M. (2016, 26 October). *New High Commission for South Africa* [Press release]. Retrieved from <https://www.beehive.govt.nz/release/new-high-commissioner-south-africa>.
- Mda, Z. (2017, September 14). Can South Africa Reawaken Nelson Mandela's Dream? *The New York Times*. Retrieved from <https://www.nytimes.com/2017/09/14/opinion/nelson-mandela-jacob-zuma.html>.
- Meagher, P. (2002). Microfinance regulation in South Africa: a comparative perspective. *Development Bulletin*, 57, 48-52.
- Mengisteab, K., & Hagg, G. (2017). *Traditional institutions in contemporary African governance*. Oxfordshire: Routledge.
- Merriam, S. (1998). *Qualitative research and case study applications in education*. San Francisco: Jossey-Bass Publications.
- Merriam, S., & Tisdell, E. (2015). *Qualitative research: A guide to design and implementation*. San Francisco: Jossey-Bass Publications.
- Merry, S. (2011). Measuring the world indicators, human rights, and global governance. *Current Anthropology*, 52(1), 83-95.
- Meyer, J., & Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology*, 83(2), 340-363.
- Meyer, K., Estrin, S., Bhaumik, K., & Peng, M. (2009). Institutions, resources and entry strategies in emerging economies. *Strategic Management Journal*, 30(1), 61-80.

- Meyer, K., & Nguyen, H. (2005). Foreign investment strategies and sub-national institutions in emerging markets: Evidence from Vietnam. *Journal of Management Studies*, 42(1), 63-93.
- Meyer, K., & Peng, M. (2005). Probing theoretically into Central and Eastern Europe: Transactions, resources, and Institutions. *Journal of International Business Studies*, 36(6), 600-621.
- Miles, M., & Huberman, A. (1994). *Qualitative data analysis* (2nd ed.). California: Sage Publications.
- Mojtahed, R., Nunes, M., Martins, J., & Peng, A. (2014). Equipping the constructivist research: The combined use of Semi-structured interviews and decision-making maps. *The Electronic Journal of Business Research Methods*, 12(2), 87-95.
- Mol, A. (2009). Environmental deinstitutionalization in Russia. *Journal of Environmental Policy & Planning*, 11(3), 223-241.
- Mol, M., Sadler, C., & Ariño, A. (2017). Africa: The new frontier for global strategy scholars. *Global Strategy Journal*, 7(1), 3-9.
- Moloi, T. (2014). Understanding banking regulatory and market framework in South Africa including the perceived strength, weaknesses, opportunities and threats. *Journal of Governance and Regulation*, 3(3), 34-43.
- Monteiro, G., & Pianna, A. (2012). Institutional change and capability building: some remarks on the institution-based view of strategy. *International Journal of Strategic Change Management*, 4(1), 52-67.
- Morei, N. (2014). Is South Africa experiencing some threat to judicial independence or necessary teething pains? *Journal of Mediterranean Journal of Social Sciences*, 5(23), 425-434.
- Morris, R. (1994). Computerized content analysis in management research: A demonstration of advantages & limitations. *Journal of Management*, 20(4), 903-931.

- Moses, J., & Knutsen, T. (2012). *Ways of knowing competing methodologies in social and political research*. Basingstoke, UK: Palgrave MacMillan.
- Mubangizi, J. (2014). Some reflections on two decades of human rights protection in South Africa: Lessons and challenges. *African Journal of International and Comparative Law*, 22(3), 512-531.
- Mudambi, R., & Navarra, P. (2002). Institutions and international business: a theoretical overview. *International Business Review*, 11(6), 635-646.
- Muganga, D. (2010). *The role of regulation and supervision of microfinance institutions: Evidence from South Africa, and its implications for the development of non-deposit taking microfinance regulation in Kenya*. (Master's thesis). The State University of Bergamo, Italy.
- Muriaas, R. (2009). Local perspectives on the 'neutrality' of traditional authorities in Malawi, South Africa and Uganda. *Commonwealth & Comparative Politics*, 47(1), 28-51.
- Myers, M. (2013). *Qualitative research in business and management* (2nd ed.). London: Sage Publications.
- Naidoo, V. (2017). Measuring corruption risk in the South African public service an institutional analysis. *African Journal of Public Affairs*, 9(6), 73-87.
- Napshin, S., & Marchisio, G. (2017). The challenges of teaching strategic management: Including the institution based view. *The International Journal of Management Education*, 15(3), 470-480.
- Nee, V. (2005). The new institutionalisms in economics and sociology. In N. Smelser & R. Swedberg (Eds.), *The handbook for economic sociology* (2nd ed., pp. 26-49). Princeton, USA: Princeton University Press.

Newman, K. (2012). Cross-national distance: Concepts, measures and relationships. *Journal of International Business and Economy*, 13(2), 39-59.

News 24. (2018, February 18). Time for Cyril to put SA first. *News 24*. Retrieved from <https://www.news24.com/Columnists/GuestColumn/time-for-cyril-to-put-sa-first-20180218-3>.

New Zealand Herald. (2017, January 25). New Zealand reclaims title as world's least corrupt country. *New Zealand Herald*. Retrieved from https://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11788682.

New Zealand Immigration. (2016). *Visa changes for South African nationals* [Press release]. Retrieved from <https://www.immigration.govt.nz/about-us/media-centre/news-notifications/visa-changes-for-south-african-nationals>.

New Zealand Labour Party. (2017a). *Immigration*. Retrieved from https://d3n8a8pro7vhm.cloudfront.net/nzlabour/pages/8193/attachments/original/1505192392/Immigration_Policy.pdf?1505192392.

New Zealand Labour Party. (2017b). *Trade*. Retrieved from https://d3n8a8pro7vhm.cloudfront.net/nzlabour/pages/8555/attachments/original/1504500586/Trade_Manifesto.pdf?1504500586.

New Zealand Labour Party. (2017c). *Workplace relations policy*. Retrieved from http://www.labour.org.nz/workplace_relations_policy.

New Zealand Labour Part. (2017d). *Building strong regions & primary industry*. Retrieved from <http://www.labour.org.nz/regions>

- New Zealand Trade & Enterprise. (2017). *Investment statistics*. Retrieved from <https://www.nzte.govt.nz/investment-and-funding/investment-statistics>.
- Ngwu, F., Osui, O., & Stephen, F. (2016). *Corporate governance in developing and emerging markets*. Oxfordshire: Routledge.
- North, D. (1990). *Institutions, institutional change and economic performance*. Cambridge: University of Cambridge Press.
- North, D. (1991). Institutions. *Journal of Economic Perspectives*, 5(1), 97-112.
- Ntlama, N. (2015). The brewing tug-of war between South Africa's Chapter 9 institutions: The Public Protector vs the Independent Electoral Commission. *Journal of International Commercial Law and Technology*, 10(1), 13-21.
- Ntsebeza, L. (2005). *Democracy compromised*. Leiden, The Netherlands: Koninklijke Brill.
- Ofori-Dankwa, J., & Julian, S. (2013). Dynamism, capital structure, and performance in a Sub-Saharan economy: Extending the institutional difference hypothesis. *Organization Science*, 24(5), 1422-1438.
- Okafor, O. (2014). The South African Human Rights Commission: A holistic approach. In T. Maluwa (Ed.), *Law, politics and rights: Essays in memory of Kader Asmal*. Leiden, The Netherlands: Martinus Nijhoff Publishers.
- Oliver, C. (1991). Responses to institutional processes. *The Academy of Management Review*, 16(1), 145-179.
- Oliver, C. (1992). The antecedents of deinstitutionalization. *Organization studies*, 13(4), 563-588.
- Oliver, C. (1997). Sustainable competitive advantage: Combining institutional and resource-based views. *Strategic Management Journal*, 18(9), 697-713.

- Orihuela, J. (2017). Institutions and place: Bringing context back into the study of the resource case. *Journal of Institutional Economics*, 14(1), 157-180.
- Pache, A., & Santos, F. (2010). When worlds collide: The internal dynamics of organizational responses to conflicting institutional demands. *The Academy of Management Review*, 35(3), 455-476.
- Palmer, M. (2006). What is New Zealand's Constitution and who interprets it? Constitutional realism and the importance of public office-holders. *Public Law Review*, 17, 133-162.
- Parpworth, N. (2017). The South African Constitutional Court: Upholding the rule of law and the separation of powers. *Journal of African Law*, 61(2), 273-287.
- Patton, M. (2002). *Qualitative research & evaluation methods*. California: Sage Publications.
- Peacock, L. (2013). *National ideals or national interest: New Zealand and South Africa, 1981-1994*. (Master's thesis). Victoria University, Wellington, New Zealand.
- Peng, M. (2000). *Business strategies in transition economies*. Thousand Oaks, USA: Sage Publications.
- Peng, M. (2002). Towards an institution-based view of business strategy. *Asia Pacific Journal of Management*, 19(2/3), 251-267.
- Peng, M. (2003). Institutional transitions and strategic choices. *Academy of Management Review*, 28(2), 275-296.
- Peng, M. (2014). New research directions in the institution-based view. In J. Boddewyn (Ed.), *Multidisciplinary Insights from New AIB Fellows (Research in Global Strategic Management, Volume 16)* (pp. 59-78). Bingley, UK: Emerald Group Publishing Limited.

- Peng, M., Ahlstrom, D., Carraher, S., & Shi, W. (2017). An institution-based view of global ipr history. *Journal of International Business Studies*, 48(7), 893-907.
- Peng, M., & Heath, P. (1996). The growth of the firm in planned economies in transition: Institutions, organizations and strategic choices. *The Academy of Management Review*, 21(2), 492-528.
- Peng, M., & Khoury, T. (2009). Unbundling the institution based view of international business strategy. In A. Rugman (Ed.), *The Oxford handbook of international business* (2nd ed., pp. 256-268). New York: Oxford University Press.
- Peng, M., Sun, S., Pinkham, B., & Chen, H. (2009). The institution-based view as a third leg for a strategy tripod. *Academy of Management Perspectives*, 23(3), 63-81.
- Peng, M., Wang, D., & Jiang, Y. (2008). An institution-based view of international business strategy: A focus on emerging economies. *Journal of International Business Studies*, 39(5), 920-936.
- Peters, B. (2000). Institutional theory: Problems and prospects. *Political Science Series*, 69, 1-28.
- Peters, B. (2011). *Institutional theory in political science: The new institutionalism* (3rd Ed.). New York: The Continuum International Publishing Group.
- Picciotto, G., & Fox, J. (2018). Exploring experts' perspectives on spiritual bypass: a conventional content analysis. *Pastoral Psychology*, 67(1), 65-84.
- Pieterse, M. (2004). Possibilities and pitfalls in the domestic enforcement of social rights: Contemplating the South African experience, *Human Rights Quarterly*, 26(4), 882-905.
- Ponte, S., Roberts, S., & van Sittert, L. (2007). Black Economic Empowerment (BEE), Business and the State in South Africa, *Development and Change*, 38(5), 933-955.
- Porter, M. (1980). *Competitive strategy*. New York: Free Press.

- Powell, D. (2010). The role of constitution making and institution building in furthering peace, justice and development: South Africa's democratic transition. *The International Journal of Transitional Justice*, 4(2), 230-250.
- Prasad, K. (2015). *Strategic management: Text and cases, second edition*. Delhi: PHI Learning Pvt. Ltd.
- Radio NZ. (2018, March 25). Bullying in the courtroom: 'We want to stop it'. *Radio NZ*. Retrieved from <https://www.radionz.co.nz/news/national/353318/bullying-in-the-courtroom-we-want-to-stop-it>.
- Rathert, N. (2016). Strategies of legitimation: MNEs and the adoption of CSR in response to host-country institutions. *Journal of International Business Studies*, 47(7), 858-879.
- Raveloharimisy, J. (2011). *Becoming formal or informal entrepreneurs: How institutions matter* (Doctoral Dissertation, Western Michigan University). Retrieved from https://scholarworks.wmich.edu/dissertations/454/?utm_source=scholarworks.wmich.edu%2F454&utm_medium=PDF&utm_campaign=PDFCoverPages.
- Resnick, D. (2015). The political economy of Africa's emergent middle class: Retrospect and prospects. *Journal of International Development*, 27(5), 537-587.
- Reuters. (2018, April 17). Ramaphosa team to seek \$100 billion investment for South Africa. *Reuters*. Retrieved from <https://www.reuters.com/article/us-safrica-ramaphosa/ramaphosa-team-to-see-8-billion-investment-for-south-africa-idUSKBN1HN2JR>.
- Ricart, J., Enright, M., Ghemawat, P., Hart, S., & Khanna, T. (2004). New frontiers in international strategy. *Journal of International Business Studies*, 35 (3), 175-200.

- Richards, T. (1999). *Dancing on our bones: New Zealand, South Africa, rugby and racism*.
Wellington: Bridget Williams Books.
- Righarts, S., & Henaghan, M. (2010). Public perceptions of the New Zealand court system: An empirical approach to law reform. *Otago Law Review*, 12(2), 329-344.
- Rispel, L., de Jager, P., & Fonn, S. (2016). Exploring corruption in the South African health sector. *Health and Policy Planning*, 31(2), 239-249.
- Robson, C., & McCartan, K. (2016). *Real world research a resource for users of social research methods in applied settings* (4th ed.). Chichester: John Wiley & Sons Ltd.
- Roederer, C. (2009). Working the common law pure: Developing the law of delict (torts) in light of the spirit, purport and objects of South Africa's Bill of Rights. *Arizona Journal of International and Comparative Law*, 26(2), 427-503.
- Rolland, G. (2004). Understanding institutional change: Fast-moving and slow-moving institutions. *Studies in Comparative International Development*, 38(4), 109-131.
- Ross, R. (2009). Khoesan and immigrants: The emergence of colonial society in the Cape, 1500-1800. In C. Hamilton, B. Mbenga & R. Ross (Eds.), *The Cambridge history of South Africa* (pp. 168-210). Cambridge: Cambridge University Press.
- Rottig, D. (2016). Institutions and emerging markets: effects and implications for multinational corporations. *International Journal of Emerging Markets*, 11(1), 2-17.
- Roux, T. (2009). Principle and pragmatism on the Constitutional Court of South Africa. *International Journal of Constitutional Law*, 7(1), 106-138.
- Roux, T. (2016). Constitutional courts as democratic consolidators: Insights from South Africa after 20 years. *Journal of Southern African Studies*, 42(1), 5-18.

- Rowley, J., & Slack, F. (2004). Conducting a literature review. *Management Research News*, 27(6), 31-39.
- Roy, J., & Oliver, C. (2009). International joint venture partner selection: the role of the host-country legal environment. *Journal of International Business Studies*, 40(5), 779-801.
- Rubin, H., & Rubin, I. (2005). Qualitative interviewing the art of hearing data (2nd ed.). California: Sage Publications.
- Sahu, N., & Choudhury, A. (2005). *Dimensions of environmental an ecological economics*. Hydrabad: Universities Press.
- Sajó, A. (2016). Emotions in constitutional institutions. *Emotion Review*, 8(1), 44-49.
- Scheidegger, U. (2015). *Transformation from below? White suburbia in the transformation of Apartheid South Africa to democracy*. Basel: Basler Afrika Bibliographien.
- Schirmer, S. (2017). Property rights, institutional change and development in South Africa. *Acta Commercii*, 17(1), 1-9.
- Schoeman, W. (2017). South Africa religious demography: The 2013 General Household Survey. *HTS Theological Studies*, 73(2), 1-7.
- Schreier, M. (2012). *Qualitative content analysis in practice*. London: Sage Publications.
- Schwab, K. (Eds.). (2016). *The global competitiveness report 2016-2017*. Geneva: World Economic Forum.
- Schwab, K. (Eds.). (2017). *The global competitiveness report 2017-2018*. Geneva: World Economic Forum.

- Schwella, E. (2013). Bad public leadership in South Africa: The Jackie Selebi Case. *Scientia Militaria: South African Journal of Military Studies*, 14(1), 65-90.
- Scott, W. (1995). *Institutions and Organizations*. Thousand Oaks, USA: Sage.
- Scott, W. (1998). Approaching adulthood: The maturing of intuitional theory. *Theory and Society*, 37(5), 427-442.
- Scott, W. (2014). *Institutions and organizations ideas, interests, and identities* (4th ed.). Thousand Oaks, USA: Sage.
- Scott, C., & Macklem, P. (1992). Constitutional ropes of sand or justiciable guarantees? Social rights in a new South African constitution. *University of Pennsylvania Law Review*, 141(1), 1-147.
- Selznick, P. (1996). Institutionalism “Old” and “New”. *Administrative Science Quarterly*, 41(2), 270-277.
- Seuring, S., & Gold, S. (2012). Conducting content-analysis based literature reviews in supply chain management. *Supply Chain Management: An International Journal*, 17(5), 544-555.
- Seyoum, B. (2009). Formal institutions and foreign direct investment. *Thunderbird International Business Review*, 51(2), 165-181.
- Shadish, W. (1995). Philosophy of science and the quantitative-qualitative debates: Thirteen common errors. *Evaluation and Program Planning*, 18(1), 63-75.
- Shetreet, S., & Forsyth, C. (2017). *The failure of institutions: The South African Judicial Service Commission and the Hlophe saga*. Leiden, Netherlands: Martinus Nijhoff Publishers.
- Shinkle, G., & Kriauciunas, A. (2010). Institutions, size and age in transition economies: Implications for export growth. *Journal of International Business Studies*, 41(2), 267-286.

- Shirley, M. (2008). *Institutions and development*. Cheltenham, UK: Edward Elgar Publishing Inc.
- Shirodkar, V., & Konara, P. (2017). Institutional distance and foreign subsidiary performance in emerging markets: Moderating effects of ownership strategy and host-country experience. *Management International Review*, 57(2), 179-207.
- Singh, D. (2012). Emerging economies and multinational corporations: An institutional approach to subsidiary management. *International Journal of Emerging Markets*, 7(4), 397-410.
- Singh, M. (2008). *Strategic management and competitive advantage*. New Delhi: Global India Publications Pvt Ltd.
- Sisk, T. (2017). *Democratization in South Africa: The elusive social contract*. New Jersey: Princetown University Press.
- Siyo, L., & Mubangizi, J. (2015). The independence of South African judges: A constitutional and legislative perspective. *Potchefstroom Electronic Law Journal*, 18(4), 817-846.
- Skinner, D., Tagg, C., & Holloway, J. (2000). Managers and research the pros and cons of qualitative approaches. *Management Learning*, 31(2), 163-179.
- Spellman, W. (2008). *A concise history of the world since 1945*. Houndmills, UK: Palgrave McMillan
- Staats, J., & Biglaiser, G. (2012). Foreign direct investment in Latin America: The importance of judicial strength and rule of law. *International Studies Quarterly*, 56(1), 193-202.
- Statistics New Zealand. (2018). *New Zealand's imports & exports for the year ended March 2018*. Retrieved from <https://statsnz.maps.arcgis.com/apps/MapSeries/index.html?appid=b232a223d2b84b779782dde4327de6cb>.

- Stemler, S. (2001). An overview of content analysis. *Practical Assessment, Research & Evaluation*, 7(17), 137-146.
- Streeck, W., & Thelen, K. (2005). Introduction: institutional change in advanced political economies. In W. Streeck & K. Thelen (Ed.), *Beyond continuity: Institutional change in advanced political economies* (pp. 1-39). Oxford: Oxford University Press.
- Stuurman, N. (2017, October 4). SA falls to 61st spot from 47 on global competitiveness report. *Business Report*. Retrieved from <https://www.iol.co.za/business-report/economy/sa-falls-to-61st-spot-from-47-on-global-competitiveness-report-11483276>.
- Su, Z., Peng, M., & Xie, E. (2016). A strategy tripod perspective on knowledge creation capability. *British Journal of Management*, 27(1), 58-76.
- Sundström, A. (2012). Corruption and regulatory compliance: Experimental findings from South African small-scale fisheries. *Marine Policy*, 36(6), 1255-1264.
- Swart, I., Rocher, H., Green, S., & Erasmus, J. (2010). *Religion and social development in Post-Apartheid South Africa*. Stellenbosch: Sun Media.
- Tangri, R., & Southall, R. (2008). The politics of Black Empowerment in South Africa. *Journal of Southern African Studies*, 34(3), 699-716.
- Taussig, M., & Delios, A. (2014). Unbundling the effects of institutions on firm resources: The contingent value of being local in emerging economy private equity. *Strategic Management Journal*, 36(12), 1845-1865.
- Tayob, A., Weisse, W., & Chidester D. (2004). *Religion, politics, and identity in a changing South Africa*. Münster: Waxmann Publishing Co.

- Tella, O. (2017). Currencies, constraints and contradictions of South Africa's soft power. *Journal of Asian and African Studies*, 53(3), 420-436.
- Templeton, M. (1998). *Human rights and sporting contacts New Zealand attitudes to race relations in South Africa 1921-94*. Auckland: Auckland University Press.
- The Economist. (2012, October 20). Sad South Africa cry, the beloved country. *The Economist*. Retrieved from <https://www.economist.com/news/leaders/21564846-south-africa-sliding-downhill-while-much-rest-continent-clawing-its-way-up>.
- The Economist. (2018a, 25 January). South Africa is getting land reform wrong. *The Economist*. Retrieved from <https://www.economist.com/middle-east-and-africa/2018/01/25/south-africa-is-getting-land-reform-wrong>.
- The Economist. (2018b, February 8). The delicate dance to depose Jacob Zuma. *The Economist*. Retrieved from <https://www.economist.com/middle-east-and-africa/2018/02/08/the-delicate-dance-to-depose-jacob-zuma>.
- The Heritage Foundation. (2017). *2017 Index of Economic Freedom*. Retrieved from <http://www.heritage.org/index/country/southafrica>.
- The Heritage Foundation. (2018). *2018 Index of Economic Freedom*. Retrieved from <http://www.heritage.org/index/country/southafrica>.
- The Wharton School. (2017). *The political constraint index*. Retrieved from <https://mgmt.wharton.upenn.edu/faculty/heniszpolcon/polcondataset/>.
- The World Bank. (2017). *Ease of doing business in South Africa*. Retrieved from <http://www.doingbusiness.org/data/exploreeconomies/south-africa#starting-a-business>.

- The World Bank. (2018a). *Worldwide governance indicators*. Retrieved from <http://info.worldbank.org/governance/wgi/index.aspx#reports>.
- The World Bank. (2018b). *Ease of doing business in South Africa*. Retrieved from <http://www.doingbusiness.org/data/exploreeconomies/south-africa#starting-a-business>.
- The World Bank. (2018c). *Ease of doing business in South Africa*. Retrieved from <http://www.doingbusiness.org/data/exploreeconomies/new-zealand>.
- Thipanyane, T. (2015). Strengthening constitutional democracy: Progress and challenges of the South African Human Rights Commission and Public Protector. *New York Law School Law Review*, 60(1), 125-151.
- Thomas, M. (2010). What do the worldwide governance indicators measure? *European Journal of Development Research*, 22(1), 31-54.
- Thomé, K., Medeiros, J., & Hearn, B. (2017). Institutional distance and the performance of foreign subsidiaries in Brazilian host market. *International Journal of Emerging Markets*, 12(2), 279-295.
- Thompson, R. (1975). *Retreat from Apartheid: New Zealand's sporting contacts with South Africa*. Wellington: Oxford University Press.
- Thornton, P., Ocasio, W., & Lounsbury, M. (2012). *The institutional logics perspective*. Oxford: Oxford University Press.
- Tolbert, P., & Zucker, L. (1996). The institutionalization of institutional theory. In S. Clegg, C. Hardy & W. Nord (Eds.), *Handbook of organization studies* (pp.175-190). London: SAGE.
- Torchia, C. (2016, November 1). Nelson Mandela Foundation says Zuma is failing in duties. *Associated Press*. <https://apnews.com/54b485bda23743a2ba7fc9aefab362e6>.

- Torchia, C., & Ntshangase, N. (2018, February 16). New South African President Cyril Ramaphosa pledges to 'turn tide' on corruption. *Independent*. Retrieved from <https://www.independent.co.uk/news/world/africa/south-africa-president-cyril-ramaphosa-speech-corruption-turn-tide-a8214911.html>.
- Trade Map. (2017). *Bilateral trade between New Zealand and South Africa product: Total all products*. [Dataset]. Retrieved from http://www.trademap.org/Bilateral_TS.aspx?nvpm=1|554||710||TOTAL||2|1|1|2|2|1|1|1|1.
- Transparency International. (2017). *Corruption Perceptions Index 2017*. Retrieved from <https://www.transparency.org/country/ZAF>.
- Tschirley, D., Reardon, T., Dolislager, M., & Snyder, J. (2015). The rise of a middle class in east and southern Africa: Implications for food systems transformation. *Journal of International Development*, 27(5), 628-646.
- Turner, D. (2010). Qualitative interview design: A practical guide for novice investigators. *The Qualitative Report*, 15(3), 754-760.
- United Nations. (2017). *World population prospects key findings and advance tables 2017 revision*. Retrieved from https://esa.un.org/unpd/wpp/Publications/Files/WPP2017_KeyFindings.pdf.
- Urban, B., & Hwindingwi, R. (2016). The influence of institutional factors on MNC's triple bottom-line report: A focus on African emerging markets (AEMs). *International Journal of Emerging Markets*, 11(4), 497-513.
- van Essen, M., Heugens, P., Otten, J., & van Oosterhout, J. (2012). An institution-based view of executive compensation: A multilevel meta-analytic test. *Journal of International Business Studies*, 43(4), 396-423.

- Van Loggerenberg, D. (2016). Civil Justice in South Africa. *BRICS Law Journal*, 3(4), 125-147.
- Veblen, T. (1919). *The place of science in modern civilisation and other essays*. New York: Huebsch.
- Venter, R. (2016). Enforcement of decisions of ombudsmen and the South African Public Protector: Muzzling the watchdogs. *International Journal of Law and Political Science*, 10(6), 2051-2054.
- Viscusi, K. (1983). Frameworks for analyzing the effects of environmental regulations for policy. *American Economic Review*, 73(4), 793-802.
- Voigt, S. (2013). How (not) to measure institutions. *Journal of Institutional Economics*, 9(1), 1-26.
- von Holdt, K. (2013). South Africa: the transition to violent democracy. *Review of African Political Economy*, 40(138), 589-604.
- Washington, M., & Patterson, K. (2011). Hostile takeover or joint venture: Connections between institutional theory and sport management research. *Sport Management Review*, 14(1), 1-12.
- Weber, R. (1990). *Basic content analysis* (2nd ed.). California: Sage Publications.
- Webster, J. & Watson, R. (2002). Analyzing the past to prepare for the future: Writing a literature review. *MIS Quarterly*, 26(2), 13-23.
- Welter, F., & Smallbone, D. (2011). Institutional perspectives on entrepreneurial behaviour in challenging environments. *Journal of Small Business management*, 49(1), 107-125.
- Wernerfelt, B. (1984). A resource-based view of the firm. *Strategic Management Journal*, 5(2), 171-180.

- Wesson, M., & Du Plessis, M. (2008). Fifteen years on: Central issues relation to the transformation of the South African judiciary. *South African Journal on Human Rights*, 28(2), 187-213.
- White, M., & Marsh, E. (2006). Content analysis: A flexible methodology. *Library Trends*, 55(1), 22-45.
- Williams, J. (2009). *Chieftaincy, the state, and democracy: Political legitimacy in post-apartheid South Africa*. Bloomington: Indiana University Press.
- Williamson, O. (1975). *Markets and hierarchies: Analysis and antitrust implications; a study in the economics of internal organization*. New York: Free Press.
- Williamson, O. (2000). The new institutional economies: Taking stock, looking ahead. *Journal of Economic Literature*, 38(3), 595-613.
- Woodruff, C. (2007). Measuring institutions. In S. Rose-Ackerman (Ed.), *International handbook on the economics of corruption*. Cheltenham, UK: Edward Elgar Publishing.
- World Justice Project (2017). Rule of law index 2017-2018. *World Justice Project*. Retrieved from <https://worldjusticeproject.org/our-work/wjp-rule-law-index/wjp-rule-law-index-2017%E2%80%932018>.
- Wright, M., Filatotchev, I., Hoskisson, R., & Peng, M. (2005). Strategy research in emerging economies: Challenging the conventional wisdom. *Journal of Management Studies*, 42(1), 1-33.
- Xin, K., & Peace, J. (1996). Guanxi: Connections as substitutes for formal institutional support. *Academy of Management Journal*, 39(6), 1641-1658.
- Xu, D., & Shenkar, O. (2002). Institutional distance and the multinational enterprise. *The Academy of Management Review*, 27(4), 608-618.

- Yiu, D., & Makino, S. (2002). The choice between joint venture and wholly owned subsidiary: An institutional perspective. *Organization Science*, 13(6), 667-683.
- Zikmund, W., Babin, B., Carr, J., & Griffin, M. (2013). *Business research methods* (9th ed.). Mason, USA: Cengage Learning.
- Zoogah, D., Peng, M., & Woldu, H. (2015). Institutions, resources, and organizational effectiveness in Africa. *The Academy of Management Perspectives*, 29(1), 7-31.
- Zucchella, A., & Magnani, G. (2016). *International entrepreneurship: Theoretical foundations and practices; second edition*. Hampshire, UK: Palgrave Macmillan.

Appendices

1.1 Ethics Application



HUMAN ETHICS COMMITTEE

Secretary, Rebecca Robinson
Telephone: +64 03 369 4588, Extn 94588
Email: human-ethics@canterbury.ac.nz

Ref: HEC 2018/17

10 April 2018

Matthew W. Houston
Management, Marketing and Entrepreneurship
UNIVERSITY OF CANTERBURY

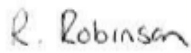
Dear Matthew

The Human Ethics Committee advises that your research proposal "An Institution-Based View of Issues Facing New Zealand Businesses in South Africa" has been considered and approved.

Please note that this approval is subject to the incorporation of the amendments you have provided in your email of 4th April 2018.

Best wishes for your project.

Yours sincerely

pp. 
R. Robinson

Professor Jane Maidment
Chair
University of Canterbury Human Ethics Committee

1.2 Information Sheet



Department of Management, Marketing and Entrepreneurship
Email: matthew.houston@pg.canterbury.ac.nz
Date:

An institution-based view of the issues facing New Zealand businesses in South Africa Information Sheet for *name of organisation*.

Hello, my name is Matthew Houston and I am a postgraduate student at the University of Canterbury working towards the completion of my Master's degree. The final requirement of my Master's degree is the completion of a research thesis. The aim of my research thesis is to provide a qualitative understanding of the institutional differences (specifically Judicial, Constitutional and Regulatory Institutions) between South Africa and New Zealand, and the impacts these differences have on New Zealand organisations and their strategic decisions. This research will also explore the impact of institutional change in South Africa.

It is my hope that this research will not only have theoretical implications but will also be useful for other organisations currently doing business in South Africa or considering entering this market. Therefore your experiences, viewpoints and knowledge would be considerably useful for both this research and those weighing up the options.

You are invited to participate as a subject in this research project. If you choose to take part in this study, your involvement in this project will be taking part in an interview for a period of approximately 30-40 mins but no more than 1 hour. Interviews can be scheduled for a time that suits you and can be face to face or using a telephone or Skype. Interviews will be recorded on a personal audio recording device. In the performance of the interview there are no risks to you as an individual. The option for a recess or discontinuation of the interview can be requested by the participant at any time during the interview.

All interviews will be transcribed and you have the right to review the transcription of this interview. Please indicate at the conclusion of the interview when asked if you would like a transcription provided. Please provide an email address for the transcription to be sent to. The transcription will be emailed to you as soon as transcription is completed for your examination. In the case of any amendments, please return at your earliest convenience within 2 weeks.

Participation is voluntary and you have the right to withdraw at any stage without penalty. You may ask for your raw data to be returned to you or destroyed at any point. If you withdraw, I will remove information relating to you. However, once analysis of raw data starts, it will become increasingly difficult to remove the influence of your data on the results.

No information or data collected during the interview will be shared with third parties. Non-disclosure is assured as some of the topics covered may involve sensitive information.

The results of the project may be published, but you may be assured of the complete confidentiality of data gathered in this investigation: your identity will not be made public without your prior consent. To ensure confidentiality, all physical data and consent forms will be held in a locked set of drawers in a key card accessed room at the University of Canterbury. The researcher is the only one able to access these drawers. All electronic data will be kept on a password protected computer in the key card accessed room. All individual data files will be password protected. All transcriptions of interviews will be identified by code so to protect identity. The researcher and supervisor are the only ones to have access to the data. All data will be

Matthew W Houston

destroyed after a period of 5 years. A thesis is a public document and will be available through the UC Library.

As the findings of this research might have value to you or your organization a copy can be sent. Please indicate to the researcher on the consent form if you would like to receive a copy of the summary of results of the project.

The project is being carried out as a requirement for Masters of Commerce by Matthew Houston under the supervision of David Stiles, who can be contacted at david.stiles@canterbury.ac.nz. He will be pleased to discuss any concerns you may have about participation in the project.

This project has been reviewed and approved by the University of Canterbury Human Ethics Committee, and participants should address any complaints to The Chair, Human Ethics Committee, University of Canterbury, Private Bag 4800, Christchurch (human-ethics@canterbury.ac.nz).

If you agree to participate in the study, you are asked to complete the consent form and return to the researcher Matthew Houston either via email or before the commencement of the interview. I will contact you to arrange an interview time and venue shortly after receiving your consent form. Exact dates and times of the interview can be arranged at a time that best suits you.

Kind regards

Matthew Houston
matthew.houston@pg.canterbury.ac.nz



Matthew W Houston

1.3 Interview Schedule

1. Can you please tell me a little about your experiences in operating in South Africa? What does your organisation do there?
 2. How long have you been in South Africa and how important is SA for your organisation?
 3. Generally is South Africa an easy place to do business in? Easier than New Zealand?
 - a. Why?
 4. What was the decision behind entering the South African Market?
 - a. Should all NZ businesses looking at extending to new markets consider South Africa?
-

1. Can you please identify the most important difference between South Africa and New Zealand for your organisation doing business there?
 - a. How have you responded to these difference?
2. Has your organisation experienced any difficulties with laws or regulations in your time in South Africa? For example longer than expected timeframes? Lack of regulatory enforcement? Corruption?
 - a. What impact did these have on your organisation?
 - b. How did you respond to these challenges? Did you plan for them?
 - c. How do these compare with what you would expect in New Zealand?
 - d. Are these common in South Africa?
3. How different are the laws and regulations in South Africa when compared to New Zealand?
 - a. Did the differences cause any impacts on your organisation? What were they?
 - b. How did your organisation respond to any differences?
 - c. Anything that makes it easier to do business in South Africa?
4. As a business operator do you feel safe and secure conducting business in South Africa? For example staffing, ROI, corporate image.
 - a. Do you feel similar about New Zealand?
 - b. Is there anything you do to plan or protect your organisation that you would not do in New Zealand?
5. In your opinion/experience are there any differences between the law in South Africa and what actually occurs?
 - a. How does this impact your business?
 - b. Do you have to include this when you make plans? How?
 - c. Is this difference the same in New Zealand?
6. Can you please identify your biggest concerns in the political system in South Africa currently?
 - a. How to plan for that?
 - b. Would you expect it to occur in New Zealand?
7. What are your experiences working with the selected business model in South Africa?
 - a. What are some of the upsides/downsides in working with this model?

b. What are your future plans in the next 10 years for this model?

8. It has been widely publicised that currently South Africa is not as good of place to do business in as it once was ten/twenty years ago. Would you agree with this statement? Why or why not?
 - a. Will it get better or worse in the next ten years?
 - i. As an organisation how have you planned for this?
 - b. Have you thought of exiting South Africa? When does exiting become a real possibility?
 - c. Has events in the last 6-12 months altered this view?
9. Does the potential for rapid change e.g. major regulation change, change in governments etc. concern you?
 - a. Have you and how have you planned for this?
 - b. Is this something you would expect in New Zealand?
10. In the next ten years what concerns/excites you the most in regards to government and regulatory bodies/general market conditions?
 - a. How do you plan for these concerns?
11. Finally, do the benefits outweigh the costs?